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Compulsory Military Training In Peacetime for America?

Here Are Some Opinions on the Subject

The issue of whether America should adopt a system of compulsory military training in peacetime promises to receive increased attention in public and official circles as the wars in Europe and Asia move closer to final victory. In the interest of clarifying public thinking on the question the "Chronicle" will publish, beginning with this issue, the views and opinions of those who desire to express themselves in the matter. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce St., New York 8, N. Y.

In connection with this symposium, we would call attention to several recent discussions of the subject which appeared in the "Chronicle" of Oct. 26, starting on the cover page. These reflected the opinions of, respectively, a prominent Catholic educator members of the New York Synod of the Presbyterian Church, and the President of a prominent educational institution.

Herewith are some of the expressions regarding the subject now in hand. Others will appear in subsequent issues of the "Chronicle."

KELLEY GRAHAM
President, The First National Bank of Jersey City, N. J.

I am in favor of compulsory military training in peacetime. It is my opinion that this should be confined solely to military training and for as brief a period as is necessary. I am opposed to including in this training program for our youth any other activities such as the CCC, regardless of any past or future usefulness this latter might have. Compulsory military training, in my opinion, should not in any way infringe on or conflict with school or college training.

HON. CLAUDE PEPPER
U. S. Senator from Florida

Hon. Claude Pepper

I would not like to see us inaugurate compulsory military training after the war as a peace measure. Undoubtedly, our goal after the war is to set up the kind of an international organization which will eliminate the necessity of constantly preparing for war. That does not mean that we are not going to keep an adequate force to control our interests and do our part to restrain the "ganster" nations. But militarism breeds militarism, and I am sure that we can obtain, through volunteers, a force adequate to our needs. I do, however, believe that military training is excellent discipline and physical education for those who take it. It is our job to do what has never been done before — stop war — even preparation and training for war as we now think of it. While we shall always have boys who want to be policemen, we have our home police forces for them to serve on. I do not believe it is necessary to take a year or two of each boy's

(Continued on page 2262)

Leffingwell Says We Must Foster And Protect Foreign Investment

J. P. Morgan & Co. Executive Asks for Cancellation Of War Loans and Repeal of Johnson Act.

R. C. Leffingwell

In his opening remarks as presiding officer of the Annual Meeting of the Academy of Political Science at the Hotel Astor in New York City on Nov. 15, R. C. Leffingwell, Chairman of the Executive Committee of J. P. Morgan & Co., Inc., and former Assistant Secretary of the Treasury, pointed to the need of further expansion of both imports and exports and a renewal of American investments abroad as factors in the readjustment of the economic framework for a prosperous and stable peace.

"After the war we want America to be again the land of enterprise and initiative and opportunity, the home of a happy, prosperous, busy people," Mr. Leffingwell said. "If this is to be," he continued, "we must find outlets, markets, for our surplus production. We are geared to produce far more than we can consume among ourselves. We produced more than we consumed before the First World War; then we were a debtor nation and the surplus went to pay the service of our debts. We produced more than we could consume ourselves during the First World War, and sales of British investments and war loans to the Allies covered

(Continued on page 2254)

Index of Regular Features on page 2272.

The Post-War Price Problem —Inflation or Deflation?

By MARRINER S. ECCLES*
Chairman, Board of Governors of the Federal Reserve System

Reserve Board Head Asserts Business Must Disburse Funds Which It Receives and Wage Earners Must Spend or Invest Income Directly or Indirectly if Employment Is to Be Found for Substantially All Workers. Says Government Should Guarantee a National Minimum Income, Education, Health and Old-Age Security for All Citizens. Sees Federal Budget of Not Less Than $25 Billion a Year After War or About Three Times 1939 Level but With Tax Rates Less Than Triple Before Because of Larger Income Base.

Marriner S. Eccles

The question before this conference is, "Post-war Price Problem—Inflation or Deflation?" The question so stated implies that we have a choice between one or the other. But if we have inflation, we shall certainly have deflation following it. Thus we may be faced with having botn. However, if we avoid inflation, we shall still face the danger of deflation. If, in the period of transition from war to peace, we fail to maintain war-time price controls and rationing until civilian goods become available in ade-

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*An address by Mr. Eccles before the National Industrial Conference Board, New York City, Nov. 13, 1944.

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Aviation Can Meet the Market

By THOMAS A. BOAL

Suffens, Boal & Associates, Los Angeles

After Refuting the Fallacy That Airplane Producers Are Making Large Profits, Mr. Boal Discusses the Post-War Prospects of the Industry. Predicts That "A Good Family Aircar Is Still a Distant Prospect" and That Private Ownership of Planes Will Be Restricted by High Costs and Other Obstacles. Asserting That There Is no Threat to Market for Planes From the Government's Surplus, He Looks for Brighter Prospects For Manufacturers in More Efficient Production Methods and in Simplification of Airplane Design.

Thomas A. Boal

The past few weeks have seen a flurry of activity in aircraft shares on the market, giving evidence of renewed interest by investors. Do you wish that you owned some shares of stock in one of the major aircraft companies, and that you had owned it for the past few years? Many people do. And why not? There must be a lot of profit in a business that has been operating at peak production, with the output bought up as fast as it can be turned out, and with unlimited financial resources.

That, at least, is the mental image that the average layman has of the industry. It is based on news reports of one-thousand-plane raids over enemy territory, and figures like 185,000 airplanes since Pearl Harbor, and so on.

Actually, the industry itself shows a different picture. Here it is in a few brief statements: "The average aircraft stockholder lost $6.62 in market value, and gained only $0.54 in dividends in four years." And: ". . . working capital is meager in relation to the obligations of the business. The entire net current assets of the industry would not equal one month's operating costs as present

(Continued on page 2256)

Roswell Magill Advocates Changed Tax Structure

Former Treasury Official Urges Repeal of Excess Profits Levy and End of Tax on Dividends

Roswell Magill

A tax structure that will promote business expansion after the war was advocated and outlined by Roswell Magill before the Academy of Political Science at the Hotel Astor in New York City on Nov. 15. Mr. Magill is a member of the law firm of Cravath, Swaine & Moore, and was formerly Under-Secretary of the U. S. Treasury.

Prior to the war, he said, taxes were frequently used as preventive measures, entirely apart from revenue considerations. Since the war, he continued, taxes have been used not to stimulate business activity but to drain off all but a very moderate return, regardless of the impact on business. But with the end of the war, he emphasized, the need will exist for a tax structure that will not only produce substantial revenues, but at the same time encourage business expansion.

"If we have business expansion and full employment after the war," Mr. Magill stated, "we can raise the necessary revenue without disrupting our economy. Active business and moderate tax rates are a much better prescription than moderate business and high tax rates. Therefore, it

(Continued on page 2270)

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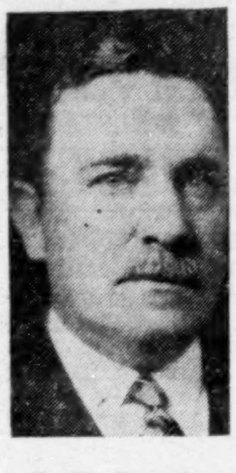

G. W. Bovenizer

Irving D. Fish, Chairman of the District No. 13 Committee of the National Association of Securities Dealers, Inc., announces the appointment of the following Nominating Committee: George W. Bovenizer, Chairman, Kuhn, Loeb & Co.; Gail Golliday, Stone & Webster and Blodget, Inc.; Lee M. Limbert, Blyth & Co., Inc., New York; Frederick J. Rabe, F. J. Rabe & Co.; Walter F. Saunders, Dominion Securities Corp., New York.

Nominations will be made to fill the terms of office expiring next Jan. 15th of the following members of the Board of Governors of the Association: James Coggeshall, Jr., First Boston Corp., New York, and Clarence E. Unterberg, C. E. Unterberg & Co., New York; and the following members of the District No. 13 Committee: Frank Dunne, Dunne & Co., New York; Irving D. Fish, Smith, Barney & Co., New York; Charles F. Hazelwood, E. H. Rollins & Sons, Inc., New York; David S. Rutty, Sage, Rutty & Co., Inc., Rochester, N. Y.

Wilfred Conary With J. A. Warner, Boston

BOSTON, MASS.—J. Arthur Warner & Co., 89 Devonshire Street, announce that Wilfred G. Conary, formerly with the trading department of B. W. Pizzini & Co., Inc., in New York City, is now associated with their trading department in Boston.

Andrew Mills to Be Newhard Cook Partner

ST. LOUIS, MO.—Andrew S. Mills will be admitted to partnership in Newhard, Cook & Co., Fourth & Olive Street, members of the New York and St. Louis Stock Exchanges, on November 30th. Mr. Mills who is in charge of the firm's municipal bond department, in the past was a partner in Francis, Bro. & Co.

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The Survival of Small Business Is an Immediate Responsibility

SEC Fails to Move to Protect Right of Small Business to Raise Capital Through the Sale of Securities.

Winning the war does not imply only a military achievement. There are battles on the home front no less important than those abroad. One of the most important and well recognized of these is the battle of small business to survive.

Realizing this, many agencies are at work attempting to insure this result. Amongst these are various trade organizations, groups that have united for self-preservation, and more particularly our Congress, which through its Committee on Small Business, has made that aim its chosen work.

The reconstruction period, with the return of normal employment conditions, will present immediate, pressing problems.

Here the securities field has a major responsibility, for it must be plain that the flotation of small new capital issues, and the maintenance of a continuing market in those issues, is vital in the meeting of those problems. The maintenance of healthy, continuous markets is imperative because investors will be disposed to shun the securities of small business entirely if it develops that such securities can only be liquidated for a fraction of their initial cost and then possibly only after a period of time.

Let us reflect for a moment on how the Securities and Exchange Commission and the National Association of Securities Dealers*, two of our regulatory bodies, have been meeting that responsibility.

In its letters of Oct. 25, and Nov. 9, 1943, the NASD created a "5% spread principle," by the terms of which spreads taken by dealers in excess of 5% between their purchase and sales prices laid them open to disciplinary action by the Business Conduct Committees of that Association. No account was taken of whether such transactions resulted in a profit. Overhead formed no part of the calculation.

This principle was passed as an alleged yardstick or interpretation by the Board of Governors, when it was in fact a rule and, under the NASD's by-laws and the Maloney Act, it should have been submitted to the members of that association for their approval or disapproval.

When we consider that in a recent release of the SEC (Statistical Series—"Cost of Flotation of Equity Securities by Small Business"—Release No. 744, Oct.

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*Constitutes a resuscitation of the NRA Code Authority in the investment field made possible through the Maloney Act.

(Continued on page 2267)

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Simplification of Corporate Taxes

By ROY BLOUGH*

Director of Tax Research, U. S. Treasury

Treasury Expert Asserts That Best Method of Simplifying Excess Profit and Capital Stock Taxes Is By Repeal, but Simplification of Corporate Income Taxes, Though Requiring Few Changes, Cannot Be Accomplished Because of Policy Considerations. Maintains That Taxing Corporations as Partnerships by Allocating Income to Stockholders Would Complicate Rather Than Simplify the Problem. Looks for Favorable Progress Through the Joint Investigation of Tax Simplification by Congress and the Treasury.

Roy Blough

To complain about the complexity of our tax laws has almost the standing of a natural right. Certainly it has long been one of our favorite indoor sports. The complaints have grown louder in recent years, but they are not a new story. Consider, for example, this statement:

"There is an imperative need for immediate simplification in the system of internal revenue taxes. The unvarnished truth is that the income and profits taxes are so heavy and so intricate that a sufficient number of auditors and experts cannot be secured by the Government to audit, assess, and settle old claims as fast as new claims are created."

Those words were spoken by Dr. T. S. Adams in 1918. Three years later Boies Penrose, Chairman of the Senate Finance Committee, expressed the ambition, reiterated by his successors, to write a tax bill that would be

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*An address made by Dr. Blough before the Annual Symposium on Accounting and Taxation of the North Carolina Association of Certified Public Accountants at Chapel Hill, N. C., Nov. 17, 1944.

(Continued on page 2268)

Post-War Labor Problems

Robert J. Watt, AFL Representative on National War Labor Board, Expresses Confidence That Labor and Management Can Help Restore Veterans to Jobs. Says Both Should Share Responsibility and Not "Let Uncle Sam Do It."

Robert J. Watt

Robert J. Watt, International Representative of the American Federation of Labor and Labor member of the National War Labor Board, delivered an address at the regular monthly meeting of the New York City Control of the Conlers Institute of America, held on Thursday evening, Nov. 9, 1944, in the Belmont Plaza Hotel. Mr. Watt devoted a large part of his address to the need of cooperation and joint responsibility of labor and management in establishing and maintaining normal and stable industrial relations in the post-war period.

"I strongly urge the application of the principles of democracy to the fabric of our economic system," Mr. Watt declared. "I urge that labor and management be freed of political interference as completely as possible. I urge that labor and management be encouraged to establish self-government in industry through accredited delegates, democratically chosen to represent their respective sides. I urge that economic self-government be linked to civil government only through the mainte-

(Continued on page 2247)

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Farmer and Banker In America's Democracy

By W. RANDOLPH BURGESS*

Vice-Chairman of Board, National City Bank of New York
President, American Bankers Association

Leading Banker Points Out That Both Bankers and Farmers Face Equally the Danger of a Government Controlled Economy Which Leads Away From Democracy and Private Enterprise.

W. R. Burgess

It is appropriate that the first meeting this year of the Agricultural Commission of the American Bankers Association should be held in Memphis as a great center of Southern agriculture, a center from which have come many leaders in the Association. Farmer and banker have many common interests. A very large proportion of the 15,000 banks which are members of the American Bankers Association are rural banks, serving agriculture, and many of their senior officers are also farmers.

But the point of kinship I want to suggest today is that both farmer and banker are vitally interested in the preservation of a true democracy in America which protects the freedom of the individual and the rights of private enterprise. The American democracy began in simple agricultural communities with the town meeting and common participation in the affairs of government. The farmer is the great exemplar of private enterprise in its purest form. The banker has kinship with the farmer in a vigorous adherence to the private enterprise system. From his familiarity with many kinds of business the banker

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*An address made by Mr. Burgess before the Memphis Chamber of Commerce luncheon held in connection with the Agricultural Commission Conference of the American Bankers Association, Memphis, Tenn., Nov. 16, 1944.

(Continued on page 2248)

Glore Forgan to Admit Fennelly and Vogel

CHICAGO, ILL.—John F. Fennelly and Rudolph E. Vogel will become partners in Glore, Forgan & Co., members of the New York Stock Exchange, as of December 1st. Both will make their headquarters at the firm's Chicago office, 135 South La Salle Street. In the past Mr. Fennelly was a partner in Glore, Forgan & Co. Mr. Vogel has been with the company for a number of years; prior to his association with it he was a Vice-President of the Continental Illinois National Bank & Trust Co.

Jones Heads Dept. of Van Alstyne, Noel Co.

James B. Jones, Jr., recently retired from the Army Air Forces as a Major, has become associated with Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, as Manager of the Statistical Department. Prior to entering the armed services, Mr. Jones had more than 20 years experience in the financial district and was at one time a partner in Mackay & Co.

Rail Situation

Paine, Webber, Jackson & Curtis, 25 Broad St., New York City, members of the New York Stock Exchange and other leading exchanges, have issued a bulletin on the class I railroads discussing the present situation and outlook. Copies of this interesting release may be had from the firm upon request.

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L. L. Moorman Joins Nat'l Sec. & Research

Douglas Laird, Vice-President in charge of sales of National Securities & Research Corporation, 120 Broadway, New York City, announces that L. Lawrence Moorman has joined that organization as wholesale representative for the Southern Territory. Mr. Moorman was formerly associated with Standard & Poor's and has had 25 years' experience in the investment business.

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Brook and Crabbs Reelected Directors Of Cleveland Reserve

George C. Brainard, Chairman of the board of the Federal Reserve Bank of Cleveland, has announced the re-election to the board of Frank F. Brooks, President of the First National Bank at Pittsburgh, Pittsburgh, Pa., and George D. Crabbs, Board Chairman of the Philip Carey Manufacturing Co. of Cincinnati, Ohio.

Frank F. Brooks

George D. Crabbs

Both Mr. Brooks, a class A director, and Mr. Crabbs, a class B director, were unopposed in the election, which was conducted among the larger member banks of the Fourth Federal Reserve District. Each was chosen for a term of three years, beginning Jan. 1, 1945.

Registration Postponed

The effective date of the registration of Charles A. Massie, doing business as D. J. McMillen & Co., a sole proprietorship of 32 Broadway, New York City, has been postponed until Nov. 26 by the Securities and Exchange Commission. Mr. Massie, in his application for broker-dealer registration, stated that from May, 1937, to December, 1943, he was employed as a trader, salesman and manager of Charles Hughes & Co., Inc., whose registration the SEC revoked on July 19, 1943.

Stoker for Post-War

Standard Stoker Co. common stock offers attractive post-war possibilities, according to a new memorandum issued by Otis & Co., Terminal Tower, Cleveland, Ohio. Copies of this memorandum may be had from the firm upon request.

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George Searight With First of New York Corp.

First of New York Corporation, 70 Pine St., New York City, announces that George A. Searight has been appointed manager of the trading department. Mr. Searight was formerly in charge of the industrials and tractions department for the New York office of T. J. Feibleman & Co. Prior thereto he was with Tellier & Co., and Kobbe, Gearhart & Co.

Mr. Searight's new telephone number is Hanover 2-7793.

James W. Bounds Is Now With Courts Co.

(Special to The Financial Chronicle)

ATLANTA, GA.—James W. Bounds has become associated with Courts & Co., 11 Marietta Street, N. W., members of the New York Stock Exchange. Mr. Bounds was formerly a partner in Bounds, Pool & Co. which was dissolved upon the death of Mr. Pool.

G. F. Monahan Now Is With Joseph Faroll

Gerald F. Monahan has become associated with Joseph Faroll & Co., 29 Broadway, New York City, members of the New York Stock Exchange. Mr. Monahan was formerly in the trading department of the New York office of Mackubin, Legg & Co.

Robt. Cease Now With Cohu & Torrey in Newark

NEWARK, N. J.—Cohu & Torrey, 24 Commerce St., members of the New York Stock Exchange, announce that Robert Cobb Cease has become associated with them. In the past Mr. Cease was with Burr & Co.

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International Trade Restoration

By CHARLES P. TAFT*

Director, Wartime Economic Affairs, Dept. of State

Government Official Sees in Post-war Restoration of Normal International Commercial Relations the Most Difficult Business Problem in the World's History. Sees Need to Assist War-torn European Nations in Economic Rehabilitation and Particularly Urges That We Aid Great Britain in Financing Operations in the Period of Restoration Because Great Britain Is Our Best Customer and Unless Aid Is Given, It May Resort to "State Trading." Sees Concern of U. S. in Chinese Economic Development.

Today I want to tell you in detail something about the problems which face us, when the war stops, in the restoration of normal business and commercial relations East and West, with Europe and Great Britain, the great Pacific Dominions, and with India, China, Southeast Asia and the East Indies.

Charles P. Taft

To begin with I hardly think I need to argue with this group, or with the West Coast in general, about the importance of foreign trade in our economy. I cannot agree with those who think foreign trade is going to take up the entire slack left by the reconversion of business and industry to peacetime operations. It certainly is not going to start off at three times prewar levels. But it is essential to our prosperity. Ten percent is only rough average of the relation of foreign trade to total trade and many items of importance run far higher. Pacific Northwestern wheat used to be 60% to 70% export, and prunes from here in California went abroad to the extent of 43% of the crop. I have noticed some attention paid recently by Westerners to the retention of these great industrial plants that have been set up here in the West for war work. Clearly an export market is as good in securing that objective as one in the United States. So we start in agreement that foreign trade is important.

I don't like the emphasis on exports, however, in all our talk about foreign trade. It wasn't exports by themselves that built our foreign trade; it was imports we wanted so much that we went a long way to get them. The search

(Continued on page 2250)

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*An address made by Mr. Taft before the Los Angeles Chamber of Commerce, Los Angeles, Cal., November 15, 1944.

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Public Utility Securities

Brooklyn Union Gas

President Clifford E. Paige of the Brooklyn Union Gas Co. addressed the members of the New York Society of Security Analysts on Nov. 13, and the following is largely summarized from his interesting talk:

The gas business in Brooklyn is nearly 100 years old, and the fires that were lighted nearly a century ago have never been extinguished—except for local interruptions, the company's service has been continuous during all that time. The company serves nearly 3,000,000 people, supplying 30 of the 32 wards in Brooklyn, as well as two in Queens. The number of meters now in service, over 782,000, is an all-time high. Gas is produced in two plants, the Citizens Works making water gas, and the Greenpoint Works producing both water gas and coke-oven gas; the latter is one of the most modern plants in the country. Coke, oil and coal are used as raw materials. The company produces coke as a by-product from coal-gas manufacture, a portion being used by the company and the balance (about 330,000 tons a year) being sold. The company uses about 350,000 tons of coal and 40,000,000 gallons of oil a year.

Clifford E. Paige

The question of the feasibility of bringing natural gas into Brooklyn is often raised. Mr. Paige stated: "We would have to buy the gas at a low enough rate to write down our existing equipment, besides we would have to keep this equipment as standby until there was more assurance of continuity of supply than we would dare assume on the basis of one pipeline furnishing our entire needs. Our distribution system, we believe, would be quite satisfactory. Our appliances would have to be adjusted. Probably here, as elsewhere, it would be found that a mixture of manufactured and natural gas would be better than sending out natural gas straight. A major consideration is whether or not the authorities would be willing to have such a wide national use of natural gas on the theory that to extend and expand its use might exhaust this natural resource prematurely."

In the early days of the gas business it was used almost entirely for lighting, but with the advent of electricity this business largely disappeared, and the industry was only saved by transition to a cooking load. More recently large increases in gas sales have occurred for industrial purposes, for water heating and for refrigeration. House heating is also relatively new, but the recent heavy demand for house-heating equipment has of course been due largely to shortages of oil and coal. Out of the thousands of installations sold for heating in the past, rejections have been not over 1%, because the company's engineers and salesmen recommend gas-heating only where the place to be heated is reasonably insulated and where results are believed to be advantageous. Hence, the company's staff has built up a reputation for reliability.

Regarding industrial sales, the company's research men think that five years after the end of the war gas sales may increase from about 26,500,000,000 cubic feet per annum to around 30,000,000,000, which at present rates would produce increased revenues of about $2,000,000 (present revenues are around $25,500,000). This gain would depend largely on the prices of competing fuels. The company is continuously engaged in research to improve operating methods, cheapen the cost of gas, and develop new chemical uses for coal-tar and other by-products.

Extensive gas research is also being conducted by the American Gas Association, the Illinois Institute of Technology, and by makers of gas appliances. One of the outstanding developments of recent years has been the C/P (Certified Performance) range. The Servel Company, which developed the Electrolux gas refrigerator, has been experimenting extensively with year-round air-conditioning equipment for homes. Because Brooklyn is so largely a city of apartment houses (with home developments largely in the cheaper class) the prospects for installing expensive equipment of the Servel type may not offer great possibilities for increased gas sales.

Several other interesting inventions are promised for the post-war period, however. One is an arrangement for the operation of a laundry drier in connection with a gas range, which is so simple that it probably can be used with almost any range and will provide perhaps the greatest single addition to the convenience of the housewife since the oven temperature regulator. Another invention is a damper control on house-heating installations which will cut down heat losses when a furnace is out of operation, by closing the flue to the chimney.

Regarding the company's financial position, the recent bond refunding operations have improved the set-up and facilitated resumption of dividends on the common stock. The future trend of the company's earning power is difficult to predict. While the worst of the fuel shortage appears to be over, it remains possible of course that fuel prices may rise in future. The company's coal bill is around $5,000,000 a year, oil costs about $2,500,000, and wages and salaries approximate $8,500,000. The company has nearly 800 former employees in the armed forces, and those who wish to return to the company will be reemployed. All employees taken on during the war have been on a temporary basis, and the sales and construction departments should absorb a good part of any post-war surplus.

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Lee-Willen & Co. Is Formed in New York

Martin L. Levy and Michael J. Willen have formed Lee-Willen & Co., successors to Godfrey & Co. The firm will deal in over-the-counter securities, specializing in title company certificates, real estate bonds and whole mortgages. Offices are at 135 Broadway, New York City.

Murray Barysh Back From Southern Business Trip

Ernst & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other exchanges, announce that Murray Barysh has returned to his desk from a Southern business trip.

Booms & Depressions

A. W. Smith & Co., Inc., 111 Devonshire St., Boston 9, Mass., are distributing the 1945 edition "Business Booms and Depressions Since 1775." Copies of this inter- of the long-range business chart, esting chart may be had upon request from A. W. Smith & Co.

Pres. Alan Lauckner Of Internal Auditors Announces New Book

Publication of a new book, "Internal Auditing—Philosophy and Practice", by The Institute of Internal Auditors, has just been announced by Alan Lauckner, President of the Institute and Assistant Vice-President of the Central Hanover Bank and Trust Co. of New York. A symposium of papers and addresses by authorities in this field, this volume gives an enlightening introduction to the philosophy of of internal auditing, and graphically explains the functions of this increasingly important business aid.

Alan Lauckner

Edited by Charles J. Fue, General Auditor, of The Brooklyn Union Gas Company, the book is an informative, stimulating exposition of modern trends in an old profession which has now adapted itself to play a vital part in industrial organization and management. It is directed to executives, accountants, auditors, and others concerned with the practical application of internal auditing. Auditing techniques, relation of internal auditing to management and to public accounting, the viewpoint of the Securities and Exchange Commission, and internal auditing's war and post-war opportunities, are fully covered.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

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Post-War Labor Problems

(Continued from page 2243)

nance of basic standards and through the participation of public representatives to bring the consumers' voice to the conference table of labor and management."

Continuing, Mr. Watt said: "We face the problem of establishing a basis for industrial relations which will enable America to establish and maintain a national income of at least 150 billion dollars. That would mean a degree of industrial production and distribution which will afford jobs for all who want to work, and goods and services for all who need them.

"Of course, it is not possible in a free system such as ours to provide completely full-time employment for all who seek work. Some in-between unemployment is necessary if we aim to preserve our full freedoms. Even during the peak demand for labor during this war, nearly a million people were registered as unemployed and seeking work. That is why a sound system of social insurance is needed to provide for those who cannot find work. But it does mean that we must utilize the services of all those now working for war, whether in the armed services or the factory, and who are available after the war for employment.

"I believe this involves the maintenance of wage rates and price values. We have had considerable inflation. If we are to carry our present debt burden, we must protect the values of goods and services from cut-throat competition. I believe collective bargaining and good labor-management relations will be as necessary to do this job for the welfare of decent business after the war as it is for labor.

"To preserve our consumer buying power, I suggest that there should be an adjustment in wage rates to sustain the purchasing power of the American worker. I believe the productivity of labor has increased enough to justify an increase during the reconversion period. We must also face the problem of jobs for all who want to work for wages.

"In the typical American community there will be one service man returning for every four or five workers employed. There will be one war worker for every four or five now employed who will get back to producing consumers' goods instead of instruments of war. Jobs or job changes will have to be found for two out of every four or five wage earners in every community.

"I am confident that labor and management can help to assure a fair deal for returning veterans with jobs at which they can earn a decent and constantly improving standard of living. It will take more than a G-I Bill of Rights to do that. We will need the simple democratic mechanism of labor and management cooperation if the reemployment rights of veterans are to be more than promises.

"Instead of the complicated legal procedures in the G-I Bill of Rights, and the almost daily interpretations by the boys who know all the prices and few of the values, labor-management machinery would be accessible and speedy, with simple procedures which would be understood by the ordinary veteran and war worker. We hope it is not too late to avoid the complicated and perhaps lengthy legal procedures and expensive dealings with lawyers which may result in discouraging veterans from efforts to obtain their rights.

"It is my sincere belief that the fundamental long-range interests of labor and industry are parallel and mutually dependent. Labor needs capital and capital needs labor, and free democratic America needs both. Together we must help our system keep the wheels moving and the gears meshed. Our whole future depends upon our ability to avert a post-war boom followed by a disastrous depression.

"We must share the responsibility, or be prepared to let Uncle Sam take over the job. If we let Uncle Sam do it, he will not be our uncle much longer, or even our cousin. He will then be known as Comrade Sammy or Fuehrer Sam.

"That is why it is time for us to get together and work out in our own nation a system of democratic controls which will keep our tremendous machinery under control. We must plan so that our huge dynamo will generate production power to sustain purchasing power, which in turn will keep the production power in operation. It may be the toughest job we have ever faced, because it is the job of freeing the spirit of enterprise to the highest level of activity — and yet remaining under the self-control of the people who are free to enterprise."

Railroad Securities

One of the oldest of the railroad insolvencies took a step forward towards ultimate reorganization last week when an Interstate Commerce Commission examiner issued a proposal for Central of Georgia Railway. Nearly 12 years ago the road went into equity receivership and more than four years ago the proceedings were transferred to bankruptcy under Section 77. The time remaining before actual consummation of reorganization must still be measured in years. Hearings must be held on this tentative proposal before a final Commission plan will be filed, and further hearings will have to be held on the final plan before the final modified plan is presented to the court. Thus, at best, many months must elapse before the proceedings will even move from the ICC to the District Court. Nevertheless, the proposal of the examiner may be accepted as a constructive sign and at least it is possible to formulate some opinion as to ultimate values and the respective positions of the various liens.

In substance, the examiner's proposal differs little from the capitalization contemplated in an earlier plan filed by the road's trustees early this year. Exclusive of equipments, there will be $13,987,219 of fixed interest debt, represented by $193,452 divisionals and $13,793,767 of new 1st 4s. There will be two series of income 4½s in the aggregate amount of $15,998,413, of which $2,821,000 will be series "A." This split is apparently designed to facilitate recognition of strict priority of the old liens as required by Supreme Court decisions in other Section 77 proceedings. There will also be two series of 5% preferred stock, made up of $940,049 series "A" and $16,061,720 series "B." There will be 180,171 shares of common stock. The earlier trustees' plan had contemplated only one class of income bonds and one class of preferred stock.

The proposed capitalization, with five classes of bonds (including equipments) and three classes of stocks appears unduly complicated for a road of this size, and in this respect may be changed in the final Commission plan. Otherwise, the capitalization appears reasonable. The aggregate of preferred stocks and the amount of common stock have been cut from the original proposal of the trustees. Fixed charges under the plan will be held to $639,000, compared with old fixed charges of close to $3,200,000. Contingent interest and sinking funds will absorb $834,000, bringing total charges ahead of the stocks to $1,473,000. This is without considering the capital fund which should be covered by the new charge of depreciation of road property. Preferred dividends will require $850,000 a year. The income bond interest and the preferred dividends will be cumulative up to three years.

In appraising the potentialities of the new securities it is impossible to accept at face value the actual reported earnings of the properties during the depression decade. The property has suffered severely from undermaintenance, but it is expected that this condition will be corrected by the extensive five-year rehabilitation program instituted in 1943. Even with the inefficiency inherent in undermaintained properties, however, the new fixed requirements would have been earned in all years of the depression except 1932 and 1938. With properties restored there should be little question as to coverage of the proposed new obligatory requirements even under depression conditions.

Coverage of income bond interest during normal cycles of business will depend largely on expense savings and increased operating efficiency resulting from the rehabilitation program now under way. As earnings were reported, average income available for contingent charges for the 10 years 1932-1941 amounted to just about $700,000. This would have to be reduced by roadway depreciation which is a new accounting charge—roadway depreciation last year amounted to $385,380. Income bond interest will amount to $720,000. To cover this contingent interest, as well as the new depreciation, the road would have to shave $405,380 off expenses on the average for the 1932-1941 period. This would involve a reduction in the operating ratio of only about three points, which should be feasible. In reasonably prosperous periods, therefore, the company should have little difficulty in supporting the proposed contingent interest charges. The stocks, however, will apparently have worthwhile earning power only under boom conditions.

Under present conditions, with the prevailing speculative enthusiasm for even the stocks of reorganization rails, the new first mortgage bonds might sell around 90, the income 4½s around 45 and 55, respectively, the preferreds around 25 and 30, and the common around 10. On the basis of such prices the first 5s, 1945, would have an indicated value of 108⅝, the consolidated 5s, 1945, around 57½ and the refunding and general 5s, 1959, around 9. Considering the time element, the consolidated 5s, 1945, do not look particularly attractive, while the junior refunding and general bonds look definitely unattractive.

Fast Communications To Germany, Japan

A "fast communication service" to Japan and Germany has been established by R. H. Johnson & Co., 64 Wall Street, New York City, at the entrance of 68 Wall Street. In a booth operated by the staff of the firm, are displayed Army and Navy shells upon which one who purchases war bonds or stamps may write an appropriate message to the Nazis or the Nipponese on a sticker which is then attached to a shell. The message will be delivered with the utmost speed by the Army or Navy.

Baltimore Bond Club to Hold Annual Meeting

BALTIMORE, MD.—The annual business meeting and dinner of the Bond Club of Baltimore will be held on December 8 at the Merchants Club, it is announced.

James B. Downing, Baumgartner & Co., is Chairman of the committee on arrangements.

Charles H. Pinkerton, Vice-President of the Club, is serving as acting head as C. T. Williams, the President, is on duty with the United States Navy.

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Andersen Is V.-P. of Blair & Co., Inc.

Blair & Co., Inc., 44 Wall Street, New York City, announce the election of Jonas C. Andersen as a Vice-President.

Harold MacDougall Is With Georgeson & Co.

Harold MacDougall, formerly Manager of the Syndicate and Dealers Department of Lazard Freres & Co. for the past ten years, has become associated with Georgeson & Co., 52 Wall Street, New York City.

Trundle Program for "Widow" Again Tops

The program offered by Henry C. Trundle of G. A. Saxton & Co., Inc., 70 Pine St., New York City, in Barron's 1939 contest for the best program of investment for a widow with $100,000, has again achieved top rank in principal appreciation and annual income, in a tabulation in the Nov. 6 issue of "Barron's Weekly." Mr. Trundle's suggested portfolio has shown an increase of market value as of Aug. 25, 1944, of nearly 78% with an income yield of $9,711.

Attractive Situations

Common and 6% cumulative convertible preferred of the American Bantam Car and Panama Coca-Cola offer attractive situations according to circulars issued by Hoit, Rose & Troster, 74 Trinity Place, N. Y. City. Copies of these circulars may be had from the firm upon request.

Norman Barwise Rejoins Merrill Lynch In Denver

(Special to The Financial Chronicle)

DENVER, COL. — Norman C. Barwise has rejoined Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building, following his discharge from the armed services.

Investment Merit

Brailsford & Co., 208 South La Salle St., Chicago, Ill., members of the Chicago Stock Exchange, have prepared a comprehensive study of the current situation in Central Public Utility Corporation-Consolidated Electric & Gas Co. system, in which they state the belief that the investment merit has not been fully appreciated. Copies of the analysis may be had from the firm upon request.

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Real Estate Securities

By JOHN WEST

Lawyers Mortgage Corporation's Capital Stock Attractive

Corporation in Excellent Position for Post-War Real Estate Financing

The Lawyers Mortgage Corporation is incorporated under the Insurance Law of the State of New York. It is an outstanding mortgage company, ably managed, its business primarily being the financing of building loans and the placing of mortgages which in turn are resold to banks and institutions. Through two wholly owned subsidiary companies they perform management services of real estate and place and maintain insurance to cover properties serviced. At the present time, approximately $100 million of real estate is being serviced. It is a conceded fact that after the war many new buildings will be erected. To the best of our knowledge, this is one of the few corporations which can make construction loans and has an organization equipped to handle such financing. Upon completion of the buildings the proceeds from the sale of the then existing mortgage comes back to the corporation so that a revolving fund is available for construction.

The stock of this corporation was issued under a plan of reorganization of Lawyers Mortgage Company. At that time 840,000 shares of $5.00 par value were authorized, 400,000 shares distributed to creditors of Lawyers Mortgage Company, 400,000 shares offered to stockholders of Lawyers Mortgage Company at $5.50 per share and the remaining 40,000 shares (less directors' qualifying shares) reserved for sale to officers and employees at not less than $5.50 per share. The option for stockholders of Lawyers Mortgage Company to acquire shares has expired. As of Dec. 31, 1943, a total of 409,562 shares were outstanding and 430,438 shares remained unissued. These unissued shares can provide additional working capital should occasion arise.

An analysis of the Dec. 31, 1943, balance sheet shows cash assets (including $1,300,000 mortgages which, we are informed, could be converted into cash within 30 days) of about $2,330,000 and liabilities of about $37,000. The net cash assets of about $2,293,000 are equal to approximately $5.60 per share.

In view of the asset value per share and the future possibilities of this company, the capital stock now quoted 4-4½ appears underpriced and worthy of consideration.

Farmer and Banker in America's Democracy

(Continued from page 2244)

knows that in the last analysis the progress of a country depends on freedom of the individual to start new undertakings, to plow new fields, to plant new crops, and to reap the rewards. He knows that in the long run a regimented or totalitarian society means stagnation and means that the individual becomes just a cog in a machine and eventually will lose real political freedom as well.

Second only to winning the war the greatest problem of the world today is what kind of governments we shall have, — those which move in the direction of socialism and communism or those which move in the direction of real democracy. We have been fighting totalitarian government in Germany, in Italy, and in Japan. That kind of government exists in many other parts of the world. In the war period even the democracies have been compelled to adopt totalitarian controls over prices and production, rents and wages, profits and almost every other aspect of human life. The problem is to what extent we shall continue this type of control and move further away from democracy.

For the moment, of course, our whole objective is to carry through and win the war, but we must give sober thought to the direction in which we shall be moving when the war closes. The post-war problems will be complex and we are already committed in advance to many controls. Both parties in the recent election have committed themselves to a floor under agricultural prices. Certain of the inflation price controls, and certain types of rationing will continue at least for a time. National and international controls over the prices and production of some basic commodities are planned. We are pretty well committed to the control of interest rates at low levels. Rises in interest rates used to be one of the natural checks to over-expansion of credit. If rates are fixed by government, and that seems hard to avoid in view of the size of the debt, there are likely to be other controls such as the continuance of control over consumer credit, and over security and other loans. We shall thus have increased regimentation of credit.

Thus the fundamental problem which both farmer and banker face in the post-war period is the kind of government and country we want. The danger is that both farmers and bankers unconsciously and by the force of circumstances will be influenced to accept the kind of government we don't really want

The banker is already to a considerable extent in the hands of the Government. More than half of his assets are in Government securities. Other assets are guaranteed by the Government such as are V and VT loans, CCC loans, and FHA mortgages. Our deposits are guaranteed by a Government insurance corporation. Still more proposals are before us for a guarantee of commercial loans and for a guarantee of veterans' loans.

These forms of guaranteed credit are attractive because they remove the risk from banking and it would be easy for each of us to sit back and become a kind of glorified slot machine. This is well on the road to socialized credit. It moves in the opposite direction from democracy and enterprise. It is a kind opiate that dulls initiative.

The farmer is in exactly the same fix. Guaranteed farm prices inevitably mean government control over production. If the Government is to guarantee the price, it will tell the farmer what and how much he may plant and how much he may harvest. Since this price and production will be determined by political rather than economic reasons, the long term results are usually unfortunate. I call to witness simply the loss of a large part of America's markets for export cotton.

So today the farmer is moving rapidly away from private enterprise into a controlled economy. Farmer and banker are in the same boat. What are we going to do about it? My belief is that we need to sit down together and do some straight and hard thinking about this question to see what we really want, and we need to take a long range point of view rather than the short range point of view of immediate profit.

There is no use fooling ourselves that we can turn the hands of the clock all the way back and restore the individualistic enterprise of earlier days. A certain amount of government participation is recognized as desirable by almost everybody. There is little argument today in agriculture about the need for some plans under government control for soil conservation. Similarly, in banking Federal insurance of deposits is now generally accepted and the insurance of mortgages under the FHA plan; though both of these programs have yet to be tested in the fire of real experience in time of trouble.

But there are other proposals before us open to serious question as to their long term results: in agriculture, price fixing; in banking, the guarantee of commercial loans, to give two illustrations.

With respect to questions of these sorts I have two suggestions. First, that we try to do our own jobs so well that there will be no serious pressure to bring government further into the picture.

Second, that we do a lot of thinking about the long term consequences before we request or acquiesce in government interference. For we can't have our cake and eat it too. We can't reap profits from the use of taxpayers' money or government power without the penalty of loss of freedom.

Preferred Stock Guide

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, have just issued their November "Preferred Stock Guide" containing quotations on preferred and common public utility stocks, and a brief analysis of the situation in preferred stocks of Jersey Central Power & Light Co. Copies of the "Guide" may be had from the firm upon request.

Also available for the asking are memoranda on Black Hills Power & Light Company, Missouri Utilities Company, and Standard Stoker, Inc.

Seaboard Of Interest

Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting arbitrage circular on Seaboard Air Line Railway Co. Copies may be had from the firm upon request.

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Tomorrow's Markets Walter Whyte Says—

Last week's break brought stocks to support points. Long term trend unbroken but additional confirmation of strength resumption necessary before specific advice is given.

By WALTER WHYTE

When last week's column was typed the market gave certain signals which spelled danger. Unfortunately these signals really became evident Monday, Nov. 13. Still I hoped that the dangers I foresaw wouldn't materialize until the column was in your hands and you could act accordingly.

* * *

What actually happened was that stocks began fading Tuesday afternoon and by Wednesday most of them were in full retreat. Yet despite the fact that stocks were pretty well down by the time you got to read last week's column, I wouldn't have changed the advice one bit.

* * *

When markets indicate reaction they are seldom obliging enough to indicate the distance, or the time. Traders who are hep to technical signals are fully aware of this condition and seldom stay around to see how bad the storm will be or how long it will take before it blows over. They grab what they can and head for the nearest shelter.

* * *

So much for what has happened. Now what about the future?

* * *

Some time ago when I originally advised the buying of certain stocks I wrote that the market was still in its long term bull trend. Last week we saw what amounted to about a five point sell-off, but the trend is still up.

* * *

I realize that sounds paradoxical. For if that is the way I feel, why advise liquidation? The answer can be found above. When I think a reaction is coming I get out. I don't like to take losses any-

(Continued on page 2271)

Sloan's Job Formula

General Motors Executive Holds That Private Enterprise Must Be Encouraged and Stimulated. Government in Business, He Says, Means End of Free Enterprise.

Alfred P. Sloan, Jr., Chairman of General Motors Corporation, in addressing the Annual Dinner Meeting of the Academy of Political Science at the Hotel Astor, in New York City, on Nov. 15, on "The Importance of Jobs" asserted that "political promises do not create jobs" and that the "catalyst of a protective profit" was essential for full employment in a free economy.

Alfred P. Sloan, Jr.

"We cannot meet this challenge," he said, "by adopting panaceas or through the use of mirrors. We have tried all that. It has failed! The problem can be solved permanently only within the structure of sound economic policy. We should profit by past experience. We must do those things that will serve to encourage and stimulate enterprise. We must build a foundation of confidence in its future opportunities. Men cannot plan ahead with confidence if uncertainty exists. Business cannot plan ahead with confidence if it is to be hamstrung by a political leadership which, although it may pay lip service to the cause of free enterprise, believes in something different and acts to prevent the system from effectively working."

Turning to the question of government competition with free enterprise in the production of goods and services, Mr. Sloan maintained that "this would mean a direct conflict between government and enterprise along a wide front" and that subsidies and similar economic policies would mark "the beginning of the end of the American enterprise system as we have known it in the past."

As an alternative to government in business for the purpose of creating job opportunities and an expanding economy, Mr. Sloan presented his own formula, which contains these three prime components:

"First, a national policy that contemplates two objectives—one, to create incentive and to reestablish the spirit of venture by making constructive effort worth while; the other, to do all things throughout the ramifications of the whole economy that will serve to broaden and strengthen the field of opportunity in which business must operate.

"Second, a business policy that recognizes a responsibility far beyond that within itself. One that contemplates the application of economic statesmanship, one that accepts the fact that it is no longer sufficient to limit the horizon of the management of enterprise to the mere production of goods and services. One that gives consideration in the policy phase of its operations to its relationships with the economy as a whole.

"Third, aggressive and imaginative leadership in both areas. In the national field a leadership that recognizes the fundamental fact that production is the source of all economic progress and is essential to higher living standards. That America is a nation of business and business people. That those who accomplish more serve the people best. A leadership that will exert its influence and prestige toward furthering such objectives. In the business area a leadership bold, aggressive and imaginative not only in discharging its duty to its individual interests but in doing so also recognizing its broader responsibilities in promoting progress and stability in the economy as a whole."

"The application of such a formula," he continued, "would inspire confidence in the long pull position of enterprise. It would expand enormously the future possibilities of American business. It would change the whole aspect of our problem of job opportunities."

In examining the possibilities for new reservoirs of job opportunities resulting from the political and economic developments of the war, Mr. Sloan remarked 'Most discussions relating to job opportunities by implication assume that a high proportion of total employment is in manufacture. We visualize the worker as someone entering the factory gate with a 'full dinner pail,' as we used to say. It has been estimated that 55 million civilian jobs should be the objective of the post-war era. About 46 million people appear to have been employed gainfully in civilian occupations in 1940 — the last year before the economy was greatly changed by the war.

"If this figure of 55 million is a reasonable objective, it would require about 8 million additional civilian jobs post-war if our concept of high employment is to be achieved. Only 24% of those employed in 1940 or about 11 million were engaged in manufacturing. About 23% or 10 million were in agriculture. A little less than 45% were in the services, such as distribution, transportation, communications, financing, public utilities and the like. And finally about 9% were in the employ of the Government as civilians. The distribution of jobs is in a constant state of flux. It is clear from this record that manufacturing alone can not possibly supply all the additional post-war jobs. Distribution, transportation, construction, communication, banking and all the service trades must contribute their share. It is important, therefore, that we stimulate the establishment of small enterprises not only in manufacturing but in all other lines of activity. That we encourage more people to become employers. That we develop employment opportunities wherever useful services can be performed. That we urge the doughboys coming home from war to seek such opportunities."

Holding that reconversion is not "a one-time problem" but one which, if not solved effectively and realistically, and promptly, may result in a long period of unemployment on a large scale, with lack of confidence in future opportunities, Mr. Sloan continued: "From what I have said as to these particular potential reservoirs of additional jobs post-war, it is not to be inferred that our capacity to produce and to employ has not been increased. It has. And in substantial degree. Likewise our know-how has been broadened by the engineering and production experience of the war. Also, technological progress has been stimulated. All makes possible greater opportunities for the future. But I do want to emphasize the fact that what has been accomplished in the expansion of production and national income, reflecting as it has full employment during the war, has far less bearing than generally appreciated on what will be possible in the peace. Entirely different circumstances will then prevail. Such comparisons are leading us into a false security and a far too optimistic appraisal of future probabilities. To avoid misunderstanding that might well lead to an undesirable reaction, we should encourage a more realistic appraisal of the future possibilities. We are overemphasizing the prospective glories of the post-war world. We are underemphasizing the price that must be paid for the losses of the war. We are discounting the necessity of hard work. We are too little concerned with the problems we face and the dangers and uncertainties that exist. We must get down out of the stratosphere. We must face the facts."

Mr. Sloan next gave his own estimates of future possibilities and "what is likely to be post-war as compared with pre-war." "My conclusion," he said, "is that, on an assumption of a high state of employment with all that objective demands for its accomplishment, we might obtain a gain of perhaps 25% in our living standards post-war over that of 1940. As a matter of fact, such an achievement would be real progress. It would represent a post-war net national income of about 100 billions in terms of 1935-1939 dollars as compared with 77 billion dollars of the same standard in 1940. Such a post-war national income would be equivalent to 125 billions expressed in 1943 dollars. This would be higher than our national income in 1941, which was by far the highest the country ever enjoyed up to that time. It would also represent less peacetime unemployment than we have had since 1929."

In criticizing the national tax policy, Mr. Sloan observed that "it has been concerned too much with the raising of money for relief and too little with the elimination of relief by encouraging business development and employment. What is needed is an entirely different concept. One that will reconstruct the spirit of enterprise."

Mr. Sloan also maintained that "the existing national policy regarding the relationship of labor and enterprise is manifestly unfair," though he upheld the principle of collective bargaining. He stressed the importance of "economic statesmanship" as an essential component in the operating philosophy of the management of American enterprise. "This statesmanship," he asserted, "recognizes the economic significance of wage rates as affecting both selling prices and purchasing power," but he added "business must have customers" and "it must search for progress in such areas as distribution, labor relations, organization and management technique. It must be directed to the creation of new and useful things. It must find ways to sell existing products at lower prices."

"History shows," said Mr. Sloane in his concluding remarks, "that after all wars there has followed a period of great industrial activity. The pattern varies only in magnitude and duration. The economic forces prevailing on this occasion are far-reaching and more powerful than ever before existed. Industry is completely converted. The length of the war is a factor. Industrial capacity has been greatly expanded. But there are potential dangers. The forces leading to inflation cannot be ignored. The transition period from war to peace is highly critical. There are many other uncertainties.

"It must be recognized that the immediate post-war picture I have presented is synthetic in its origin. It is not based upon an economic balance of consumption with production. To formulate business policy upon such a set of circumstances would be far from realistic. The field of business opportunity must always be appraised for its long-term as well as its short-term possibilities. And likewise as to whether the underlying factors are sound and likely to be permanent or synthetic or political in character.

"Such is the picture of the economy after reconversion is completed in the early years of the post-war period, as I visualize it. Now, and finally, what should the management of American enterprise do? I believe there is both an opportunity and a responsibility."

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Synthetic Rubber Pioneer Honored

Dr. Elmer K. Bolton of Wilmington, Del., Chemical Director of E. I. du Pont de Nemours & Company, has been awarded the 1944 Perkin Medal of the American Section of the Society of Chemical Industry. Dr. Bolton was cited for his leadership in the synthesis of the first general purpose synthetic rubber to be developed either in this country or abroad, and for his direction of nylon research.

Dr. Elmer K. Bolton

New York Analysts to Hear

On Friday, Nov. 24, Frank Biggers, Vice-Consul of the Irish Free State, will address the luncheon meeting of the New York Society of Security Analysts on Ireland.

On Monday, Nov. 27, E. W. Williams, publisher of "Quick Frozen Foods," will discuss the subject of frozen foods and its future.

Meetings are held at 56 Broad St., New York City, at 12:30 p. m.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number sixty-two of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Telling the World!

When this recorder learned that one of our affiliates, Schenley International Corporation, had just ordered special labels to be affixed to every bottle of our products going to foreign markets, it both intrigued and excited him. In the center of this red, white and blue label is the wording, "Made in the United States of America". This label was originated and designed by the Special Promotion Division, U. S. Office of War Information, Overseas Branch.

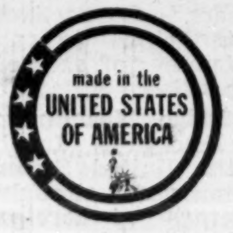
You too will be interested, as I was, to learn that OWI Overseas will furnish reproduction proofs of this "Made in the United States of America" label in fifteen foreign languages, free of charge, to any American manufacturer or processor that ships to foreign countries. Already several hundred American manufacturers are using this label on commercial shipments. It can be printed in any size desired, by any local printer. In fact, several large label houses already carry them in stock.

Mr. Harold D. Frazee, chief of this division of OWI, told this writer that all shipments of Lend-Lease material which are going all over the world, also bear either a label or sign, showing the American flag and the wording, "Made in the United States of America". Here is something really worth shouting about!

And certainly the idea is long overdue. Other nations have made it a practice for years to distinctively trade-mark and label products which they have exported. We, the largest producing nation in the world, have lagged far behind in this field. It took the war to awaken us to our opportunity and the OWI to arouse us to action.

We understand that this idea will not be shelved when the war ends, when millions of tons of materials and products for the rehabilitation of devasted countries will be shipped abroad by American manufacturers. But don't let's talk too much about the obvious.

May we humbly suggest to every American industry, that every package or crate or article shipped to a foreign country henceforth and forevermore, proudly bear this standard label, "Made in the United States of America".



And may we also suggest that every single article or product should reflect by its quality our sincere belief that —AMERICA MAKES THE BEST OF EVERYTHING!

For more information, address Harold D. Frazee, Chief, Special Promotion Division, U.S. Office of War Information, Overseas, 250 West 57th St., New York 19, N.Y.

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Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

In the current issue of the fire and casualty edition of "Best's Insurance News," some interesting operating expense ratios are shown for stock fire companies compared with stock casualty companies.

The expense ratio of fire companies has averaged 46% for the years shown, compared with 39.7% for casualty companies. However, an improvement in ratio since 1930 is more pronounced in the case of the fire companies than in the case of the casualty companies. Following are the figures:

OPERATING EXPENSES: 196 STOCK FIRE COMPANIES

	1930	1935	1940	1942	1943	Average
To agents	25.7%	25.3%	26.8%	23.6%	25.2%	25.3%
Field supervision	4.5	4.7	3.9	3.2	3.3	3.9
Inspections, etc.	2.6	3.0	2.2	1.9	2.0	2.3
Salaries and fees	6.7	7.1	6.4	5.7	6.5	6.5
Taxes	3.6	5.0	3.3	3.4	4.2	4.0
All other	4.9	3.5	5.8	2.8	2.7	3.9
Total expenses	48.0%	48.6%	48.9%	40.6%	43.3%	46.0%

OPERATING EXPENSES: 150 STOCK CASUALTIES COMPANIES

	1930	1935	1940	1942	1943	Average
To agents	20.8%	20.3%	20.3%	19.0%	18.4%	19.3%
Branch office salaries	5.9	5.0	5.4	4.9	5.0	5.2
Home office salaries	5.7	4.8	4.9	4.5	4.6	4.9
Inspection and audits	2.0	1.8	1.8	2.1	1.5	1.3
Taxes	2.6	2.5	4.2	3.8	6.0	4.0
All other	4.2	3.9	4.3	3.4	3.9	3.9
Total expenses	41.2%	38.3%	40.9%	37.7%	40.3%	39.7%

It will be noted that with the fire group there has been wide variation during the war years. This, however, has been due to large changes in volume of business, rather than to any considerable change in the total cost of doing business, for actually, according to "Best's," there has been remarkably little change in over-all expenses.

Variation of the expense ratio of the casualty companies has been more moderate, according to "Best's," having averaged just under 40% for the last 20 years.

Self-Insurance: Many large corporations, such as railroads, maintain self-insurance. That this practice has its dangers, whatever may be its advantages, is illustrated in the recent experience of the Ringling Circus, which has now entered winter quarters in Florida. According to Mr. Roland Butler, public relations director, it is now carrying the biggest mortgage in all circus history as a result of the Hartford fire catastrophe. He is quoted as saying "We'll be paying our profits to Hartford, Conn., for the next 15 years." . Connecticut law requires the circus to pay $15,000 to the families of each of the 168 persons killed.

Post-War Marine Insurance: Vice-Admiral Emory S. Land, Chairman of the United States Maritime Commission, strongly advocates coverage of foreign owned hulls by American insurers. At present, operations of American companies are confined to American hulls. His recent letter to the presidents of companies which are subscribers to the American Marine Hull Insurance Syndicate reads in part as follows:

"In connection with its plans for the post-war rehabilitation of the American Merchant Marine, and with a view to the development of our foreign commerce, the Maritime Commission believes that the existence of a strong American marine insurance market is of great importance. . . . . A broader and consequently stronger base will obviously exist if the American marine underwriters take whatever action may be necessary to place themselves in a position to offer, on a competitive basis, coverage on foreign owned, as well as American, hulls. . . . May I have assurance of your cooperation in this matter?"

It has been stated in the press that the Maritime Commission has announced that cooperation in this matter has been pledged by representative underwriters. Thus, in the post-war years, ocean marine writings should experience substantial expansion, and since this class of business is normally profitable, it may well be considered a bullish factor in the outlook for fire-marine companies.

Insurance as Interstate Commerce: The National Association of Insurance Agents recently endorsed the Bailey-Walter bill in a resolution which said in part as follows:

"We hereby declare our unanimous support of the now so-called Bailey-Walter bill as that bill was passed by the House of Representatives, without any attempt to amend the same except as such attempts, if any, shall be made from the floor of the Senate and except as such amendment, if any, shall seek further to eliminate the business of insurance from the application of the Federal Trade Commission Act, the Robinson-Patman Act or other Federal legislation, to the end that regulation and taxation of the insurance business should be done by the individual States as heretofore."

The NAIA executive committee was instructed to arrange for notifying the entire membership of the association and to take necessary steps to gain Congressional support.

Another move in the direction of clarifying the present ambiguous situation occasioned by the recent Supreme Court decision, is the action of the National Association of Insurance Commissioners. This association has now completed and released the final draft of a proposed bill designed to preserve existing State regulation.

Thus, the battle for clarification of the situation rages. Meanwhile, the insurance companies are "carrying on" as usual and are writing a large volume of business. And, even though fire losses are exceptionally heavy this year, other lines, such as ocean marine, inland navigation, motor vehicle and extended coverage are profitable, while investment results, particularly with large common stock holders, will undoubtedly compare favorably with 1943.

Bank and Insurance Stocks

Inquiries invited in all Unlisted Issues

Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

International Trade Restoration

(Continued from page 2245)

for a short route to the land of spices led to discovery of America and of the Straits of Magellan and of the Isthmus of Panama. It was the search for gold that opened up the West and Alaska. Salesmen went along on all those excursions who disposed of exports but it was always a two-way business, or maybe a three or four-way business, especially out here in the wide Pacific. It is that spirit we need to get the world back on its feet. Let's spend just as much time finding out what these other nations beyond the setting sun have, that we want or would like to have, as we do in figuring out what they want. That goes even for makers of things we can export, for they will have a bad time for quite a number of years to come, figuring ways for their customers to pay them. We are a creditor nation now; and other people don't have much in the way of dollars to pay us with. If you want to be a good business man, and have all the sensation of a philanthropist at the same time, find something in China or Italy or Greece or France or England that you can buy for dollars and import, and make a profit on. If you can buy it in China and sell it in Australia, and get something else there you can import, all the better. But look for things we need in the United States (and it is all the better if we don't have them now), bring them in and let them pay for our exports via the usual exchange mechanisms.

You see we are faced with the most difficult business problem in the world's history, because other countries of the world are in such a bad way. Their difficulties are quite different from each other, too, and I want to take three of them to illustrate what we are up against.

France was a country of agriculture and small and big business and industry. It was captured when it was increasing its industrialization, and then its whole production was redirected and geared to the German war economy. Then came liberation with the destruction of all rail bridges in the most important industrial areas, a loss of locomotives and cars, and a breakdown of most communications. In addition every decent port but one was destroyed or held by German remnant forces, and what trucks were available had to carry military supplies and the bare essentials of civilian life. With no raw materials and not nearly enough coal where it could be used, many workers were unemployed and things could be worse even than under the Germans so far as the operation of normal business and exchange was concerned. But that will be solved soon. Raw materials will come to the ports, the ports will be opened, the railroads will begin to go, and the wheels of industry and commerce will begin to turn.

But then comes the main problem. With tremendous reconstruction ahead, exports have to be limited until supplies are built up for domestic consumption and for rebuilding the wounded nation. Yet some necessities have to be imported and they have to be paid for. France has gold, but only so much. So, she has to ration domestic consumption to permit reconstruction, and ration exports for both reasons. Exchange has to be rationed to be sure she gets the necessities of life. The necessities from outside cost more exchange than the exports bring in, so that the chances of our selling anything to France but necessities are pretty slim for a while. Slim unless you find ways to help the French to make and sell us things we want and are willing to pay for.

A few months ago I asked a Belgian how long it took them after the last war to get their exports up to the point where they took care of what they had to import. He hold me they never reached that point. I asked what particular items which had made the balance before 1914, were less or missing in 1929. He said it was the income from foreign investments. France is likely to be in the same fix, and the best thing our foreign trades can do is to find things in France we can use or sell someplace else where there is something we want.

Incidentally, one of the easiest ways to help these foreign countries is to visit them on vacation. I don't mean now, obviously, for no one ought even to try to go to France unless he has business related to the war or to helping them get on their feet. If a lot of commercial travellers land on the French at this stage, the country from which they come is likely to be rather unpopular. On the other hand, the State Department is prepared to give a real hand to the business men whose legitimate business in France means real assistance to the French and to the war effort. But after the war is over, travellers who spend abroad, or relatives who send back remittances, are national philanthropists.

France is a key to the stability and progress of Western Europe. We don't expect to mix into European internal affairs, but we are very much concerned that Europe should solve its problems. We believe strongly that the sources of our modern civilization should re-establish its unity. Europe brought the great heritage of Greece and Rome and of Christianity through the Middle Ages and down to our day. We in the United States are too much of her blood and bone to let that civilization die. France is at the heart of it.

The British situation is a somewhat different one. For three years, from 1939 to 1942, England, not the United States, was the arsenal of democracy. She has been converted to war work to an even greater degree than the United States. As a result, her productive capacity devoted to export trade has been reduced to a startling degree. Her exports for 1942 were only 57% of 1938, and in 1943 were 49%. But if you reduced these figures to 1935 prices, then 1942 was only 36% of 1938, and 1943 was only 29%.

To see what this means to our great ally, consider that England had great difficulty in balancing her exports and imports just before the war, and that she spent her balances abroad and much of her investment in paying for the early cost of the war. It was the exhaustion of her dollar balances that made lend lease necessary. The sterling balances in London of the Dominions (except Canada) and of the sterling area (like Egypt, the Middle East and India) have gone up, to nearly 12 billion dollars. This is really a debt.

That debt can only be paid by exports. So also the things that England has to have to live, in raw materials, in food, in oil, all these have to be paid for in exports to the extent that lend lease decreases next year, and in full when it stops at the end of the Japanese war. Part of those things were paid for by foreign investment income which is now gone.

Can you wonder the British are worried? Their best estimate is that their trade will have to be 50% higher than prewar in order to reach a balance of payments because of the loss of foreign in-

Four New Members of Chicago Stock Exch.

CHICAGO, ILL.—Lester B. Elwood of Minneapolis, Minnesota, President of Woodard-Elwood & Co.; William H. Flentye of Aurora, Illinois, President of William H. Flentye & Co., Inc.; James E. Hogle of Salt Lake City, Utah, partner of J. A. Hogle & Co.; and Louis Meyer, Jr., of Los Angeles, California, partner of Stern, Frank & Meyer, were elected to membership in the Chicago Stock Exchange by the Board of Governors, it is announced.

With the election of Mr. Elwood and Mr. Flentye to membership, Woodard-Elwood & Co. and William H. Flentye & Co., Inc., become the 17th and 18th member corporations of the Exchange respectively.

Barnes, Chinn With Sec. Adjustment Corp.

BROOKLYN, N. Y.—Security Adjustment Corporation, 16 Court Street, announces addition to its Sales Department of Harry J. Barnes, who was active in the financing of companies such as Celotex, Kraft Cheese, and also the Brotherhood of Locomotive Engineers; also, Norman Chinn, formerly of Charles King & Co.

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Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000

The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

vestments, and that means just about five times the trade in 1943. If their emphasis on exports seems extreme, these figures which they published a few weeks ago will show you why.

What can England do in the period while they are getting on to a balanced basis? They have to find some way to even things up during that period by either a sale of assets, or a loan, or an outright sharing of war costs that put them in this state. With the end of the war a sharing of that kind is not likely, but it is certainly very much in the interest of the United States to help finance their operations in the period of restoration. In a sense, this is financing a competitor, but it is also financing our best customer, and financing the nation whose strength means much to our security.

If a nation should move over to state trading, and a managed foreign trade of exports and imports as a permanent policy, or should have to recognize our position, obviously while England is getting back in balance she must ration her dollars, and limit her imports to essentials until her exports catch up with them. Here again we can help most by looking for the things she makes that we want and can use.

One field of war costs where we might well make a substantial contribution is in helping our great ally to rebuild her houses that have fallen to bombs and robots and V-2's. Much of her effort that might otherwise go into export of goods to pay for her essential imports, will have to be diverted to the provision of permanent shelter for those grand workers, men and women, who held the fort when nobody else was on the job against Hitler.

But to come back again to our business with the area in which sterling is the basic international currency, we can't be enthusiastic about other kinds of trade restrictions there which are not related to the British or local financial position, but are straight discrimination against American trade. To fight those restrictions and talk governments out of them is one of the main businesses of the State Department and its Foreign Service. I am happy to say that the continuance of any such restriction is certainly not the official policy of the United Kingdom Government, when they bear no relation to the shortage of dollars, the blocked sterling balances in London or the limited operation of Empire preference.

Seaports like Los Angeles and San Francisco are of course interested in France and England, but you are obviously facing west here, and the lure of the far West is in your blood. China has always fascinated me since my early days in Manila. In later days one of my classmates and fraternity brothers was Jimmy Yen, of the Chinese Mass Education Movement, of whom you may have read in the Reader's Digest a year ago. In spite of all the difficulties through which China is going, and which are daily becoming more serious, the Chinese are basically sound. Yen's citizenship education has taken hold, and with its spread develops the certainty of wide support of the kind of scientific agricultural improvement, industrialization, and commercial expansion that raises the true standards of living. Mr. Nelson's plans for an integration of the productive effort of China should produce real results even within the limitations of supply over the hump, and soon over the Ledo Road.

After the war there will be new problems. China's tendency is toward state control of new industry at least, and the problem of finance will be just as great as in all other parts of the world. Here again the task is to find things we want which can help to pay for the things China will need desperately for transportation and reconstruction. But that cannot possibly do the whole immediate job, and we are up against our problem of the great creditor nation. What is the sound investment policy to finance the industrialization of an agricultural country? It is certain, if experience is any guide, that long term loans with low interest rates are the only ones that get paid in those circumstances. The United States is concerned that development in China by Americans shall not be foreign exploitation. That is also the interest of the Chinese Government.

For you on the West Coast, as for others to whom I have spoken in the East, it seems to me that we need a revival of the genius, enterprise and ingenuity in foreign trade associated with the term Yankee. You in southern California certainly should come by it honestly, for you stem from New England, via Ohio and Iowa. Your Government is there to help, through the agencies concerned with foreign trade, under the coordination of the State Department, and through the Foreign Service of the United States. But it is not there to do the job for you. If private enterprise means anything, it means git up and git, without spoon feeding by a government agency. There were exchange difficulties in the days of the clippers, and state traders and exclusion from markets, and all the rest. Government helped in all that, but the Yankee got the most of it on his own. So it seems to me that the friendly trader with a missionary spirit is the answer to much of our problem. I am not one of those who interprets history in terms of economics. In the crises of history it has been ideals of liberty and justice and democracy that have been decisive. But the way a man makes his living, and his chance to do it instead of standing in a bread line, or starving, is of the utmost importance. So this broad approach to our foreign trade problem as a chance to put more people to work here, and to benefit the fellow on the other end, too, just as much, is one of the essentials for a better and peaceful world.

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Philip Merkel Now With Cunningham in Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Philip S. Merkel has become associated with Cunningham & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Merkel has recently been serving in the armed forces. In the past he was with H. L. Gassman & Co., and Gillis, Wood & Co.

Daniel V. Hall Dead

Daniel V. Hall, head of the bond department of Hornblower & Weeks, New York City, died of a heart attack on Nov. 15. Mr. Hall had been informed on the same day of the death of his brother, Thomas, in Washington, D. C.

Ohio Brevities

Francis H. Beam, Vice-President of National City Bank of Cleveland and a member of a nationwide bankers' committee working on conversion credit problems, declared Ohio banks are ready to advance credit for all sound demands of business, industry, agriculture and civilians, now and for peacetime changes.

Speaking to more than 600 northeastern Ohio bankers attending the annual meeting of Group Nine, Ohio Bankers Association, in Cleveland, Beam described the programs of bankers working on post-war credit for small business primarily.

"The public should be told of the advantages of local bank credit. The banks are the logical source of credit for all sound projects needed to bridge the gap between war and peace and during peace times. Small business will benefit chiefly from the reserves of credit built up by their communities in the banks," he said.

Also addressing the meeting were Paul M. Eliot, Farmers Savings & Trust Co., Mansfield, President of OBA; David M. Auch, association secretary; H. E. Cook, State Superintendent of Banks; Russell Weisman, associate editor of the Cleveland "Plain Dealer," and Dr. Alfred Haake, lecturer and economist. R. M. Gidney, new President of the Federal Reserve Bank, was introduced to the group.

The group elected Sidney B. Congdon, President of National City Bank, as Vice-Chairman, and Louis Wild, Assistant Cashier of Union Bank of Commerce, Secretary-Treasurer.

* * *

Looking to post-war, two large Cleveland industrial concerns announced changes in the top management during the past week.

Reliance & Electric Engineering Co. created the new post of Chairman of the Board and elected its veteran President, Clarence L. Collens, as Chairman. He has headed the company for 37 years.

The new President is James W. Corey, who started in the company's engineering department in 1911. He has been a director for nine years.

H. M. Hitchcock, son of the company's founder and with Reliance since 1905, resigns as senior Vice-President and Treasurer, a post which will go to A. M. MacCutcheon the first of the year. Because of ill health, C. V. Putnam, with the company 38 years, leaves the office of Secretary and will be succeeded immediately by Roscoe H. Smith, who will continue as head of sales promotion.

Collens stated: "These changes in top management are part of our planning for sustained tempo of business which we confidently anticipate for Reliance in the post-war period."

The other company is Harris-Seybold-Potter Co., one of the leading manufacturers of rotary offset, lithographic and typographic printing presses and bindery equipment.

R. V. Mitchell, President for the last 22 years, was named Chairman of the Board and heads the Executive Committee. He is President of the National Printing Equipment Association and is a director of Copperweld Steel Co., Dubilier Electric Corp., Thompson Products, Inc., and General Printing Ink Corp.

A. Stull Harris, with the concern 31 years and a son of the late founder, A. F. Harris, moved into the presidency. He has a wide experience in the graphic arts industry.

The youthful looking George S. Dively, who has been Secretary and Treasurer, became Vice-President and General Manager.

The new Treasurer is R. L. Miller, formerly Assistant Treasurer, and the Secretary is Frank Szuter, formerly Auditor. N. O. Scourfield was made Manager of the Seybold division at Dayton, Ohio.

* * *

J. H. Coolidge, Vice-President and Treasurer of Thompson Products, Inc., who spent most of his business life in the investment and underwriting field before going to Thompson, spoke on "Financing the Future" at a technical session of the Cleveland chapter of the National Association of Cost Accountants. His subject included industry's need of financing after the war; internal financing — steps individual companies can take through more rapid turnover of inventories and accounts receivable, and outside financing — available through stocks, bonds, mortgages or government loans.

* * *

Thomas H. Jones, senior member of the law firm of Jones, Day, Cockley & Reavis, of Cleveland, was elected a director of Cleveland-Cliffs Iron Co. to succeed the late Frederick E. Williamson.

* * *

Lake Carriers' Association announced that the Great Lakes vessel fleet, nearing the close of its 1944 season, moved a total of 146,540,964 net tons of war commodities through Nov. 1, or more than 7,500,000 tons above any similar period in its history.

L. C. Sabin, Vice-President of the Association, said "represented in this total is an assurance of an all-time record movement of coal plus the greatest volume in grain shipments since the year 1928."

Over 50,000,000 tons of coal were transported, setting a new record, and W. J. McGarry, Manager of the Ore & Coal Exchange, Cleveland, predicted full season coal shipments will amount to between 55,000,000 and 56,000,000 tons.

Up to Nov. 1, a total of 457,229,309 bushels of grain was brought down the lakes and the half-billion mark appears certain of being exceeded for the first time since 1928, Sabin stated.

* * *

Dresser Industries, Inc., a $35,000,000 enterprise and one of the nation's largest manufacturers of equipment for the oil, gas and industrial field, will transfer its headquarters to Cleveland from Bradford, Pa., soon, President H. N. Mallon announced. Executive offices will be located in the Terminal Tower.

* * *

Theodore Bonnema has been appointed Production Manager of Oster Mfg. Co. of Cleveland, and Lester D. Martin was named Treasurer. Both have been with the company for over 20 years.

* * *

William H. Chamberlain is the new head of the legal department of Thompson Products, Inc., J. D. Wright, Vice-President and Secretary, announced.

* * *

Hayden, Miller & Co. head a Cleveland syndicate making public offering of 20.000 additional preferred shares of Halle Bros. Co., large department store. The offering represents unissued portion of the 80.000 shares of $2.40 convertible $50 par preferred authorized in 1936. Hayden, Miller & Co. and associates are offering the shares at $50.50 and accrued dividends, making a yield of 4.75%.

Other members of the underwriting group are Hawley, Shepard & Co., McDonald-Moore & Co., Merrill, Turben & Co., Maynard H. Murch & Co., Curtiss, House & Co., Field, Richards & Co., and Fahey, Clark & Co.

Halle Bros. Co. has paid dividends on preferred stock for 30 years without interruption and now has 75,874 shares outstanding, a block of 4.126 having been retired through the sinking fund. Earnings of the company for the year ended Jan. 31, 1944, amounted to $755,952.

Ohio Municipal Comment

Cleveland financial quarters revealed that only about $85,000 bonds remain undistributed out of the original issue of $656,000 Village of Wickliffe 2½s which was recently placed on the market. The bonds, dated Dec. 15, 1944, and due serially from 1946 to 1960, incl., had been awarded to a syndicate of Ohio firms headed by Fox, Reusch & Co. and reoffered by the account at prices to yield from 0.75% to 2.30%.

The favorable terms achieved by Wickliffe (a Cleveland suburb) for the issue illustrated the marked improvement in its credit position that has occurred in recent years.

* * *

Despite the 65% majority vote handicap, a considerable volume of bond issues met with the approval of Ohio electorates at the recent general election.

Overshadowing all of the results was the huge majorities accorded the $41,000.000 in bond issues presented to the voters of Hamilton County, the City of Cincinnati and the latter's school district.

As a result of the voting, the three levels of government will be able to embark on a huge construction program in the post-war period. The bonds will be issued for the following purposes:

County sanitary sewer, $3,500,000.
Library building, $3,500,000.
County roads, $1,000,000.
Courthous annex, $1,000,000.
City street improvements, $6,000,000.
City sewer improvements, $3,000,000.
University of Cincinnati improvements, $2,000,000.
Grade crossing eliminations, $2,000,000.
Park improvements, $1,000,000.
Playgrounds, $1,000,000.
General hospital improvements, $1,000,000.
School construction, $16,000,000.

* * *

Ohio municipal dealers and the market in general look forward to the projected sale on Nov. 30 of the City of Cleveland offering of $2,000,000 1½% series B transportation system revenue refunding bonds. On the basis of previous experience, and in light of the exceptionally good operating record of the municipal transportation system, there is every reason to expect that the issue will attract strong competition.

Ohio Municipal Price Index

Date—	*	†	‡	§
Nov. 15, 1944	1.36%	1.53%	1.19%	.34%
Nov. 8	1.36	1.53	1.19	.34
Nov. 1	1.36	1.53	1.19	.34
Oct. 17	1.35	1.53	1.18	.35
Sep. 13	1.32	1.50	1.14	.36
Aug. 16	1.31	1.49	1.13	.36
July 12	1.31	1.48	1.15	.33
Jun. 14	1.31	1.46	1.16	.30
May 17	1.31	1.46	1.16	.30
Apr. 12	1.32	1.46	1.17	.29
Mar. 15	1.34	1.50	1.19	.31
Feb. 16	1.37	1.53	1.21	.32
Jan. 19	1.40	1.57	1.23	.34
Dec. 15, 1943	1.42	1.59	1.24	.35
Jan. 1	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.

Foregoing compiled by J. A. White & Co., Cincinnati.

The Securities Salesman's Corner

By JOHN DUTTON

The Public Is Interested In Post-War Investment Situations

There is evidence that the best "lead producing" advertising at the present time consists of copy that is designed to attract inquiries regarding offerings pertaining to securities that will benefit from post-war consumer demands. This holds true especially when it applies to newspaper advertising.

An advertisement which offered a list of special post-war opportunities drew replies while other ads failed to bring a direct response. Direct mail campaigns which stress post-war opportunities also are timely and are producing direct leads where other campaigns are not doing so well.

The public seems to be interested in the companies engaged in industries about which they have been informed will supply the jobs and the new gadgets of tomorrow. Television seems to be number one in public interest, home appliance company security issues rank almost as high, automotive securities and companies engaged in the plastic industry also have taken a hold on the imagination of the public.

This definite interest which has asserted itself on the part of the general public in this class of security offers an opportunity for the opening of new accounts that we believe has had few counterparts since the days of the nineteen-twenties.

First, there is a great deal of idle money around — more than any previous time in our history. Second, there is a new crop of investors who have little remembrance of the fears and trepidations that were so much in evidence a score of years ago. Third, competition for investment accounts among security dealers is much less than ever before. There are only a few thousand security salesmen who are calling upon potential security buyers today, whereas a few years ago there were several times this number actively soliciting business. For this reason it is much easier to interview prospects and create interest in the purchase of securities.

One dealer who has done very well with a new account campaign has used a double return card which offered four attractive post-war securities selling under $10.00 per share. Two of them were dividend payers which at current dividend rates offered a return of better than 5% on the four stocks, based upon a purchase of one hundred shares of each issue. One stock was a low priced automotive accessory, another a rail equipment, also a home appliance stock and a distributor of cotton textiles were included in the group. The cost of 100 share of each of the four stocks approximated $2,500, which offered the average investor an attractive post-war package at a price that is within the range of most accounts that are worth cultivating.

This is the sort of merchandising that pays. There is no need to warn the public against becoming too over-optimistic regarding these post-war products and the companies engaged in their manufacture. On the contrary, good merchandising indicates that the investment dealer should go after this business. By selling the public the securities that are not over-priced, and are good values even as speculations, many a new account can be opened today that will lead to future business. Meanwhile the interest of the public is always better served when security dealers select offerings upon which they stake their reputation and their judgment, rather than when the public itself is left to its own amateur judgment and over-optimism in the making of its speculative and investment commitments.

Investors Mutual, Inc.

Prospectus on request from Principal Underwriter

INVESTORS SYNDICATE

MINNEAPOLIS, MINNESOTA

REPRESENTATIVES IN THE PRINCIPAL CITIES OF THE UNITED STATES

Mutual Funds

"The Test of Results"

"In investing, as in anything," writes the **Parker Corporation,** "you judge by the results."

Applying this acid test to the performance of **Incorporated Investors,** the sponsor points out that, for the period from the start of the European War to Sept. 30, 1944, only 3 out of 15 standard investment stocks did as well as Incorporated Investors; for the period from Pearl Harbor to Sept. 30, 1944, only 4 did as well.

"The superior results of **Incorporated Investors** are a corollary of professional management. In a single share of Incorporated Investors you get careful initial selection, adequate diversification and continuous supervision."

Merger Up to Stockholders

The required examination period by the SEC for the proxies and proxy statements covering the merger of **Quarterly Income Shares** and **Maryland Fund** into **American Business Shares** has ended and all necessary material covering the merger has been sent to stockholders of the three funds. The special meetings are set for Dec. 5 and, assuming the required vote of the shareholders of each company, the merger will become effective as of that date.

As stated previously in this column, the proposed merger is viewed as a highly constructive operation for the stockholders of all three companies involved and for the investment company field generally. Strictly as a matter of selfish interest, the stockholders should be glad to welcome the opportunity to approve this merger.

Growth Record

Manhattan Bond Fund, which was initially offered in 1938, reports on its growth record in its current portfolio folder. The Fund has shown steady growth. Net assets were $36,014 on July 1, 1938. On July 1, 1940, net assets stood at $5,661,312; on July 1, 1943, net assets had increased to $13,631,452; and on Nov. 1, 1944, net assets amounted to $20,962,453.

Bonds in a Bull Market

In a letter devoted to the several **National Series** concentrated in income-producing securities, **National Securities & Research Corp.** makes the important observation that bonds, too, have a place in investors' portfolios during a bull market.

"It is patently inconsistent for the bullish investor to contend that the common stock of a given company is going to double or triple in price and say in the same breath that the 5% bond of the company, selling in the 70's or 80's, is a poor holding."

The advantages to the investor of holding bonds of various grades during a bull market are listed as follows:

(1) As a conservative backlog—for safety of capital

(2) For dependable income with relative price stability.

(3) As a cushion in intermediate reactions, providing borrowing power at such times for stock purchases.

(4) For limited appreciation with liberal and dependable income.

Trading Up

Vance, Sanders & Co. devotes the current issue of **Brevits** to a plea for caution at this stage of the market cycle.

"Perhaps we have become steeped in too much Boston conservatism, but all too frequent association with the problems of temporarily enthusiastic speculators has done much to reaffirm our faith in the hallmark of successful investment counselors which has always been, 'there is no substitute for quality.'"

The sponsor suggests that investors follow "a process that has always proved sound—and particularly so in a confused market such as this—'trading up'." This process is described as "taking one's very welcome profits from fast-moving, second-grade securities and (with a bitter taste to be sure) accepting less yield and less 'charm' in a sound security in an attempt to hold fast to a strong investment position."

This process is compared to that which a nation must follow if it has the courage to adopt strong orthodox fiscal policies "when the electorate is clamoring for that easy path of sugared finance, that palliative called inflation—when all the financial facts call for a strong purge by means of sound money policies."

How Safe Is Cash?

Keystone Corp., in the current issue of **Keynotes,** shows the shrinkage which has taken place in the value of cash since the beginning of the war and poses the question: "How Safe Is a Cash Position?"

The memorandum points out that an investor with $10,000 who decided to "play safe" in 1939 by keeping his money in cash would still have his $10.000—but in the meantime he would have received no income and his $10,000 will buy now only what $7,200 would buy in 1939.

"In terms of purchasing power, each of his $10,000 has actually shrunk to a 72¢ piece."

The memorandum discusses the increase in the effective supply of money during the past five years. "For every dollar which the American people had in 1939 for the purchase of goods, they now have $2.40. This change in the money supply points to a permanently higher price level.

"In periods of rising prices money should be invested—not only as a means of providing income to offset rising living costs—but also in such a way that capital has a chance to grow in order to maintain the purchasing power."

Railroad Equipment Stocks

Distributors Group, in the current issue of **Railroad Equipment News,** quotes recent authoritative reports of large European orders for railroad equipment in this country.

In the opinion of this sponsor, railroad equipment stocks appear undervalued in relation to present earnings and drastically undervalued in relation to their indicated post-war outlook.

Portfolio Breakdown

Selected American Shares on Oct. 31, 1944. held total net assets of $10.329,040. These assets were divided among 109 companies as follows:

Common Stocks ----	88.60%
Preferred Stocks----	7.35
Bonds ------------	2.57
Cash -------------	1.48

College Investments

A recent issue of **Calvin Bullock's Bulletin** summarizes a study prepared by J. Harvey Cain on "College Investments Under War Conditions." This study reveals the profound changes that have occurred in the distribution of college endowment funds in investments during the past 15 years.

Thirty-nine institutions, with endowments of over $15,000,000 each, held 63.3% of their investments in bonds and 13.2% in common stocks on June 30, 1930. Thirteen years later, on June 30, 1943, bond investments of these institutions had been reduced to 43.9% and common stock investments had been increased to 31.3% of portfolios.

Another interesting aspect of this study is that the average rate of return earned by these institutions declined only slightly from 1938 (4.23%) to 1943 (4.02%). Portfolio changes during this period revealed that income was maintained largely by shifting from bonds to stocks. Bond investments were reduced from 51.1% to 43.9%, while the proportion of common stocks was increased from 23.3% to 31.3%.

Relativity

Lord. Abbett makes an interesting case for discount bonds in

(Continued on page 2254)

Railroad (Bond) Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED

63 WALL ST. · NEW YORK 5, N. Y.

INCORPORATED INVESTORS

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ONE COURT ST., BOSTON

Management Associates, Boston, Mass

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Prospectuses upon request

National Securities & Research Corporation

120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

THE RIGHT OF REDEMPTION

¶ You can think of investing companies as employment agencies for idle money. They put dollars to work by using them to purchase a diversified list of stocks and bonds, and then keep them well employed through constant supervision.

¶ Sound investing requires a long-range point of view. But, after an investor has put his money out to work, unforeseen emergencies may make it necessary to call it back. The prudent man must be sure that each investment he selects can be turned readily into cash. For most investments, this depends upon finding a buyer promptly.

¶ One type of investing company—the "open-end company"—provides an additional answer. Its shareholders have the right to redeem their shares at any time at their full current value, calculated from the market value of all the securities held in the portfolio. This redemption right is backed by the *diversified* marketability of *many* securities.

¶ There is a benefit in keeping dollars busy. There is a need for readily available liquid resources. By combining supervised portfolios with the right of redemption, these investing companies enable the investor to attain both objectives.

¶ Through long years of seasoning and service, investing companies of all types have established themselves securely in the American financial structure. In the last decade particularly, the number of investors in "open-end" funds with the right of redemption, has steadily increased—in part because of the simple and practical way ready liquidity for unexpected needs is provided.

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Canadian Securities

By BRUCE WILLIAMS

It is generally realized that Canada will play an important role in the immediate post-war era in many fields of supply, but it is doubtful whether sufficient attention has been directed towards the tremendous contribution that the Dominion can make in the industry that will do most to solve the universal unemployment problem—housing and general reconstruction.

Already in the majority of homes and buildings all over this country, Canadian asbestos and gypsum appear in some shape or form. In addition to supplying the needs of this Continent in this direction, Canada can be of invaluable assistance in the European home building program. Emphasis will be placed on speed, and the traditional building methods in Europe, which are based on bricks, mortar, tiles and plaster, can very well be changed by the substitution to a great degree of asbestos shingles and tiles, and wall-board ceilings and partitions.

This does not take into consideration the enormous quantities of soft-woods that will be necessary in any building construction, and Canada has the largest timber reserves in the world. Furthermore, the Dominion is one of the lowest-cost producers of other building essentials—zinc, lead and copper.

When it is also realized that manufacturing costs in Canada are low, due principally to low-cost factory sites and low-cost unlimited hydro-electric and water supplies, it can readily be appreciated that Canadian scope for development in this direction is truly enormous.

This week will be marked by two important events—the Alberta Social Credit Party caucus, presumably for the study of a debt reorganization plan, and the precipitated re-assembly of the House of Commons to consider the army reinforcement question.

The Alberta Government meeting is likely to result at long last in a definite proposal for the refunding of the provincial debt. Should this materialize, a very grave responsibility will be placed on the Bondholders' Committee, if that body after a series of deadlocks over such a long period is still competent to negotiate with the Province. It seems clear that with the passing of Mr. Aberhart, his successor, Premier Manning, has indicated his forthright desire to settle this unfortunate issue in a business-like manner. This is not the time to keep alive the results of mistakes of the past.

If the Bondholders' Committee is reluctant to forego the satisfaction of punishment for past misdeeds and fails to realize that an early settlement is in the general interest, not only of Alberta but also of the Dominion itself, then the only alternative would seem to lie in a direct approach by the Province to the bondholders as a body.

With regard to the market for the past week, following the termination of the Seventh Victory Loan which produced only a light special flow of bonds from Canada, the tone was firm but activity was limited. Albertas lost their underlying uncertain tone following a greater grasp of the fundamental issues of the situation.

There was an access of strength in Abitibi Power & Paper 5s of 1953, which in the past few weeks have gained about 10 points, and at current levels still appear an attractive investment in view of the pending apparently highly satisfactory reorganization of this company.

Trading in internal issues was dull and the Canadian dollar in the "free" market eased to 10¼% discount, following the cessation of support in connection with Seventh Victory Loan subscriptions.

Turning to possible future developments, there is reason to anticipate a continuance of the present firm market tone with biger prices, especially bearing in mind possible constructive action in respect to the Alberta and Abitibi debt situations, and the probable happy denouement of current political problems.

CANADIAN BONDS
GOVERNMENT
PROVINCIAL
MUNICIPAL
CORPORATION

CANADIAN STOCKS

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OUR REPORTER'S REPORT

Officials of underwriting firms who are not aggressively engaged in the Treasury's Sixth War Loan Drive, and to reverse the old saying "they are not legion," are destined to spend the next few weeks engaged primarily in the task of surveying the corporate field for future prospects.

Ostensibly the securities industry, which includes the banks, underwriters, dealers and brokers, is engaged in the job of raising a sum sufficient to give the United States Navy another full battle fleet, to the tune of 600 millions of dollars.

But actually, from office boy to top man, this segment of the nation is in there pitching to provide Gen. Eisenhower's vast armies with the sinews needed to finish off the Nazis in the briefest possible time. And they hope that perhaps some will be left over to speed up the task of hastening the setting of the Rising Sun.

The underwriting fraternity has just finished a rush of new financing and refunding operations which taxed it to the utmost. But that part of the job is done.

And now the aim is to put the Banking and Investment Division's contribution to the current war loan far above the quota set for it. Talking to some of those who are helping to do the job is reassuring since they have no doubt of their ability to top their set figure generously.

It Should Be Settled

The question of whether or not interest paid to holders of bonds of the Port of New York Authority is taxable by the Federal Government appears to be headed for final showdown.

A bone of much contention and several court rulings in recent years, this matter is now destined for airing by the Supreme Court of the United States, if the Solicitor General of the Department of Justice is successful in his plans.

He proposes to urge the highest court, probably within the week, to set aside the decision of the Second Circuit Court of Appeals which held that the bonds are tax exempt. Although the High Court has never had occasion to rule in the matter, it has already held that wages and salaries of Port Authority employees are taxable by the Federal Government.

100 Millions, So What?

It's one of the biggest transactions ever to go through, yet it holds little or no interest for those whose business it is to distribute securities. That's hard to comprehend.

But in the case of the United Gas Corp. securities growing out of its reorganization are already assured of placement. So there is no sustenance in that.

With its reorganization plan approved this week by the Federal Court at Wilmington, the company will dispose of the new securities, first mortgage 3% bonds, next Tuesday. They will go to a group of 50 institutions.

Nickel Plate A Prospect

Several banking groups are in process of formation to participate in open bidding for new securities which will arise from a large-scale refunding operation contemplated by the New York, Chicago & St. Louis Railroad (Nickel Plate).

Expected to materialize soon after the closing of the current Treasury Loan Drive, this undertaking probably will involve the sale of $42,000,000 of new bonds expected to reach market late next month or early in the new year.

Proceeds will be used to retire $26.000.000 of 5½% refunders. $6.500,000 of Toledo, St. Louis & Western 4s and $10,000,000 of collateral loans.

Utility Financing

All signs now point to Pacific Gas & Electric Co. as likely to be among the first of the utility companies to come into the market next year.

Plans are believed to be afoot looking toward the replacement of some $88,500,000 of outstanding first and refunding 4s, series G, due 1964.

The price at which these bonds may be redeemed will drop shortly to 105 from 110. and since 60 days' notice to holders is required, it would appear the company's plans will be in the open well before the end of March since the next interest date would be June 1.

Leffingwell Says We Must Foster And Protect Foreign Investment

(Continued from first page)

the difference. These Government loans are in default. We became a creditor nation. We produced more than we could consume in the 1920s, and we lent the money to pay for the surplus to foreign governments, municipalities and corporations. Many of the loans are in default. We were capable of producing more than we could consume in the 1930s, but the outer world, though it needed our goods, could not find the means of payment for them, and our exports fell off. For this reason among others, we bogged down into a depression which lasted until the Second World War. Then war demand for our surplus production arose, and was financed first by British sales of capital investments and later by lend-lease.

"We cannot have prosperity and reasonably full employment after this war unless our vastly war-stimulated capacity for production finds an outlet. We must be able to sell goods abroad in greater quantity than ever before in peace—in spite of being a creditor nation. To do so we must buy as well as sell goods and services; and make foreign loans and investments.

"Between the fall of Napoleon and the First World War, England, a creditor nation then as we are now, accepted goods and services and made foreign investments in payment for her exports. The British Navy maintained the peace; and there was no general war in a hundred years. The British policy of free trade facilitated payment in goods for British exports. Foreign exchanges were stable, based upon the gold standard and the London money market. British Government policy advanced and protected the interests and investments of British subjects everywhere in the world. For lack of these four things, assured peace, free trade, stable exchanges, and government protection, American foreign investments between the World Wars did not fare well.

"The first condition of foreign trade and investment is the establishment of law and order in the world and the creation of a peaceful world to trade in. Another is the cancellation of war loans, new and old, and the repeal of the Johnson Act. Another is the making of Government loans and grants in aid of rehabilitation. Another is the lowering or removal of tariffs and subsidies. Still another is the establishment of stable exchanges, reflecting a measure of equilibrium in international balances of payment. Last, but not least, is a United States Government policy to advance and protect American interests and investments everywhere.

"We cannot get equilibrium in the exchanges alone. There is no amount of money that will buy foreign currencies as fast as printing presses will print them if political conditions are unsafe and budgets and trade are unbalanced, and old unproductive war debts are kept alive as a threat to credit. Foreign investment will not flow, and goods cannot be exported in the necessary volume to foreign countries, if political conditions are unsafe, if buyers cannot sell and if exchanges are disorderly.

"There is no use trying to decide which of these reforms has to come first. They all have to come along together. Without them we shall, after the first fine flush of post-war inflation, bog down in another long, sad period of unemployment, unemployed capacity at home, pensions, doles and uneconomic restrictions on production and labor; while the world outside will be eager to buy our goods—in dire need of them—and will be unable to pay for them. There is no possible use of making any post-war plan for domestic prosperity and employment that does not face and solve these problems. The readjustment of the economic framework must include laws and policies which will encourage expansion of our trade both ways, in and out, and stimulate and protect foreign investment."

Mutual Funds

(Continued from page 2253)

the current issue of **Abstracts.** Using the analogy of a house which rises in value because the property around it is increasing in value, the bulletin points out that high-grade bonds are now selling at peak prices, and adds: "It may be expected that this factor will continue to have a constructive influence on bond prices in general."

Mutual Fund Literature

Distributors Group—The current monthly **Investment Report** on **Group Securities, Inc.**; revised folders on "Low Priced Shares vs. High Priced Stocks" and "The Advantages of Profits Over Income." . . . **Keystone Corp.**—Supplementary Prospectuses on **Keystone B-1, B-3, K-1 and S-4** revised to Nov. 13, 1944. . . . **Hare's Ltd.**—A revised issue of the folder "Are Aircraft Stocks Undervalued?" . . . **Calvin Bullock**—The November issue of **Perspective,** discussing "Retail Trade—Post-War Outlook."

Dividends

George Putnam Fund—A dividend of 30¢ a share payable Dec. 15, 1944, to shareholders of record Dec. 5.

Swarts Cited at Saipan

John L. Swarts, formerly associated with E. Henry Sondheimer Co. is now a corporal in the U. S. Marine Armored Amphibian Corps and has been awarded the Presidential Unit Citation for the Saipan and Tinian Campaigns.

This bank saves heat!

IT'S up to every one of us who burns coal to do all he can in conserving it.

This is not because less coal is being produced. Millions of tons more are being mined this year than last. Mine owners and miners alike are doing a splendid job. And there are adequate rail facilities for bringing coal to your city.

But, certain grades and sizes of coal are needed for war production. And, in addition, your local dealer is suffering from a shortage in manpower, trucks and tires. So be patient with him. Order before the bin is empty. And conserve coal.

Little precautions can mean big savings in coal used. If you burn bituminous coal, banking your fire at night with a small amount of fine coal, leaving some live coals uncovered, will help to conserve coal and prevent wasteful rebuilding of fires.

There are many other things you can do to save coal. "Winterize" your house. Close off unused rooms. Pull your shades and drapes at night. For other suggestions on conserving coal see your dealer.

One of the biggest jobs of the C&O Lines is hauling coal from the mines—along its routes, so we're in a position to understand the problem and to know how essential coal is these days.

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Municipal News & Notes

Announcement last week of the decision of the Solicitor General on recommendation of the Bureau of Internal Revenue, to ask the United States Supreme Court to review lower court decisions in the Port of New York Authority-Triborough Bridge Authority tax-exempt cases was taken by the market in stride. The immediate effect was limited to some easing in prices of Port Authority bonds, while the Triboroughs were unaffected. Incidentally, the possibility of a refunding of the latter's debt has been discussed in some quarters.

The market's indifference to the latest development in the year-old litigation stemmed from the fact that the decision to appeal was not unexepected. Then, too, as the Government has already been twice beaten on the issue in the lower courts, the market is naturally confident that the opposition will be no less successful before the Supreme Court, in the event that they are again required to defend their position.

As a practical matter, incidentally, it is not unlikely that the market would welcome the opportunity for the Supreme Court to pass on the immediate issue, also the over-all position of State and municipal bonds with respect to tax-exemption. The uncertainty created by the Federal Government's periodic assaults in Congress and the courts has been a source of constant irritation and annoyance to both dealers and investors in local Government obligations.

Time and again the market has suffered from the psychological reaction occasioned by these attacks from Administration sources against the validity of the immunity of local Government issues from Federal taxation. These forays have undoubtedly occasioned losses to both dealers and investors.

Local taxing units have also been adversely affected as a result of the temporary unsettled market conditions, having been obliged to dispose of issues at somewhat lower prices than would ordinarily have been the case. Nor has the Administration achieved any benefits as a result of the interminable squabble that has enveloped the issue during the past several years.

In view of these circumstances, it would appear that the possibility of a review of the entire question by the Supreme Court is definitely warranted and desirable. Certainly all factions involved will agree on the need for disposing of the question with finality.

The case which the Government is asking the Supreme Court to review, deals primarily with the tax-free standing of bonds of the Port of New York Authority and the Triborough Bridge Authority. It was brought officially by the Bureau of Internal Revenue and is based on the failure of several creditors of the bridge agencies to include in their return for tax purposes interest received on their bond holdings.

In instituting the action, the Government contended that such income was subject to taxation on the ground that neither agency is a political subdivision within the meaning of the language of the 1936 Revenue Act, which grants immunity from Federal taxation of income on State and municipal bonds. In arguing that the New York agencies were not political subdivisions and their bonds were therefore not tax-exempt, the Government based its contention largely on the fact that neither unit enjoyed police powers of the State such as the right to levy and collect taxes, etc.

The Port of New York Authority which, in the interest of all its creditors, assumed the burden of defense, successfully disputed the Government's position on two occasions.

Its original success was achieved before the Tax Court of the United States which, in a 10 to 5 decision on Jan. 28 last, ruled that the authority "is a political subdivision of a State—the State of New York—and also the political subdivision of another State—the State of New Jersey."

The court further stated that the bridge agency "in its relationship to those States lacks none of the attributes" of a political subdivision as set forth in the Revenue Act. The court found similarly in the case of the Triborough Bridge Authority. The Government subsequently appealed this decision to the Federal Circuit Court of Appeals for New York and this tribunal, on Aug 24, fully affirmed the tax court's findings.

The decisions in both instances, it may be noted, were limited to the statutory question alone, both courts having refrained from passing judgment on the constitutional aspect of the litigation. This latter point is of fundamental importance and its adjudication by the Supreme Court would resolve finally the basis of the Government's long drawn-out campaign to have all State and municipal bonds (or at least future issues) declared subject to Federal taxation.

President Roosevelt has repeatedly declared that tax-exemption of State and municipal bonds is not based on immunity granted by the Constitution.

In line with this belief he has contended that a change in their status can be achieved by Congressional enactment of a "short and simple statute." Efforts to have Congress pass legislation of this character have been unsuccessful, the most recent setback having been administered by the Senate in Sept., 1942.

The record of the Administration on this issue, whether in Congress or in the courts, has been one of failure, thus furnishing added interest to the possibility that the Supreme Court may lay the matter to rest permanently.

Atlantic City to Call All Unexchanged Bonds

Atlantic City, N. J., announced yesterday that it will call for payment on Jan. 1, 1945, at par and accrued interest, all of the unexchanged general and water bonds of the 1936 issues.

Calling of the old bonds not exchanged for the new bonds issued under the 1944 Refunding Plan will thus complete the refunding operation which was worked out for the city, jointly, by Stifel, Nicolaus & Co., Inc., of St. Louis and Chicago, and Wainwright, Ramsey & Lancaster, municipal consultants of New York.

Under the terms of the refunding agreement between the banking group and the city, the bankers have underwritten all new bonds not taken in exchange for the old securities. The refunding operation will save Atlantic City a minimum of $3,350,000 in interest charges over the life of the new bonds.

Aviation Can Meet the Market

(Continued from page 2242)

production rates." (Both statements are from the publication of the Aeronautical Chamber of Commerce, September, 1944.)

At this our average layman will look aghast, and incredulous. He has seen, on the one hand, the Government pouring hundreds of millions of dollars into these plants. On the other hand, the industry says that no dividends have been declared, and yet it has no money. What, then, has become of the money? If the aircraft industry can't show profits in the years 1940 to 1944, can it ever make money?

Well, that depends. You can bet your bottom dollar that at least a part of it will! Some of the airframe manufacturers will start now to plan the solutions to their problems, and these will be ready when the time comes. There are certain aspects of the business that will have to be dealt with, and the companies which begin to deal with them capably and astutely will operate in the black, and make money when peace-time production takes over.

Meeting the Market Directly

The average man likes to dream about owning an airplane. Yet it will pay the manufacturer to look at this fact practically. A good family aircar is still a distant prospect. Its economical use is limited to long trips. Its initial cost is high. Safety regulations require constant and costly maintenance. Even expensive and extensive advertisements showing happy couples on fishing trips will not do the job in the face of figures.

Recently the CAA made an extensive survey of former owners of private planes concerning their reasons for disposing of their craft. The results show that 55% sold them because of the high costs involved, while 18% disposed of them because of lack of utility. At the time of purchase, the figures show, 50% bought their planes for local pleasure flying, 40% for cross-country flying, and the remaining 10% for business. Of those who planned to do cross-country flying, a large percentage were building up their logged flying time in order to qualify for commercial pilots' licenses.

These reasons for selling must be kept in mind for the correct evaluation of some of the surveys made of prospective purchasers!

Results of the survey made by the Crowell-Collier Publishing Co. have just been announced. Of the 2,000 queried in the 50% upper income bracket, 10% stated that they intended to buy private airplanes. One percent of the total would buy a plane before any other major purchase, while it would be the second major purchase for 2%.

In a sampling by Aircooled Motors results show that 65% desire an airplane in the $1,500-$3,500 class, with 26% in the $2,000-$2,500 range.

Such surveys are valuable as indicators. But it is necessary, from a financial point of view, to differentiate correctly between desire and effective demand. Without question, some of the optimistic answers are influenced by high war incomes, concentrated publicity releases, and wishful thinking. It is true that the number of people who can fly has increased so much since 1940 that a ready market appears to be available. Whether or not that market can be fully utilized depends partly on costs. Charles Evans, writing in "Air Trails," states that unless the price of a good plane is closer to $1,000 than $1,500 the ratio of 26,000,000 automobiles to 23,000 airplanes will remain unchanged. The figures on the sale of new automobiles in 1939 and 1940 seem to bear him out:

Year—	1939	1940
$500 and under	265,341	125,198
$501- $750	2,328,184	3,017,536
$751-$1,000	218,986	478,258
$1,001-$1,500	47,849	61,362
$1,501-$2,000	4,222	7,547
*$2,001-$3,000	1,870	2,306

*Source: "Statistical Abstract."

Year—	1939	1940
Total sales	2,866,796	3,692,326
Total registrations	26,201,000	27,435,000

The figures shown are wholesale prices. The $1,500-$3,500 airplane desired by 65% of the prospective purchasers in the survey by Aircooled Motors, therefore, would be no cheaper than the $1,001 wholesale price. The automobile figures seem to indicate that actual demand for aircraft at this price would be small. Even with augmented incomes in 1940, the largest increase is shown in vehicles which would retail at a price between $900 and $1,200.

Lack of utility is the other factor which will cut into the effectiveness of the market. To combat this, the aircraft manufacturers will have to go sociological, and sell the public some new and advanced ideas on living conditions. The makers of small craft have made some good beginnings along this line. They have been proposing for some months that local communities plan to build airparks or landing fields, or enlarge existing facilities. They must go farther; the idea of the broader metropolitan area must be strongly advanced. The general public must have pictured for them the advantages to be gained by living away from the normal business area, as much as 75 or 100 miles, and this must be made practical.

By increasing usefulness, the manufacturers will find their production increased, and their costs reduced. When one million private planes are flown at least one hour per day, 300 days a year, the Air Age will begin, and the small-plane industry will become a real threat to the automobile business.

Surplus Government Aircraft

The industry is faced, also, by a strange problem: the peculiar danger of having its biggest customer become its strongest competitor. The Army Air Forces alone own and operate at least 10,000 airplanes which can be easily, cheaply and quickly converted to commercial service. Almost all of them are two or four-engine ships, which precludes their sale to the general public, so that the airlines are the logical buyers. We may assume from the recently announced sales of Douglas four-engine transports that the Army intends to keep what they have of this type, but what of the thousands of twin-engine transports?

Quantity alone is an undependable index of availability. It is quite probable that a good many of these airplanes are useless for airline operation, either because of hard usage, or because of drastic modifications for specific military tasks. But there should be available, let us say, 2,500 commercially adaptable aircraft. Will the airlines pass up the opportunity to purchase these planes at a small price and convert them at a reasonable one? Would you?

Airlines are in business to make money, and they can make money operating these older types, even showing a larger percentage return because of the low investment. Each major airline, of course, flies routes that will support four-engined craft, and for this reason Douglas holds contracts for DC-4's and Lockheed for Constellations. But, until competition and traffic requirements demand larger and newer equipment, the older types will do the job.

Basically, our problem is to keep going at a profitable rate an industry which must be kept going. It must, for one thing, be ready to defend us again, if occasion arises. Technological research must be continued to keep us ahead of any potential enemy force. So surplus airplanes must be made usable and profitable to their manufacturers, if possible.

The greatest profit-producers of any industry are service and spare parts sales. These we can preserve; indeed, these we can develop into industries by themselves.

An efficiently operated, well-developed service division could make an opportunity out of the conversion of transport planes. Production facilities could be making spare parts to maintain the airplane during its average life of five years in airline service, at the same time that new types are being developed and built.

We can take up here, too, the surplus military airplanes, fighters, bombers, etc. Conservative estimates would place their total at 100,000. In a commercial light their value is just about nil. Many will not be worth the cost of their transportation to the United States. Conversion to commercial use would be out of the question, they are built too heavily and powered too highly for economical operation.

What shall we do with them, assuming that there will be at least a 25,000 surplus in flyable shape? Put them in a scrap heap? That's a solution, but who benefits?

There is no use keeping them as a stockpile; obsolescence will set in before they can be used. So they must be disposed of. The exhaustive report on this subject recently submitted to Congress by Harvard University's Graduate School of Business Administration offers some interesting and logical suggestions. It recommends, for example, that surplus fighters and bombers might be given to friendly nations in exchange for needed bases, landing rights, strategic materials, or other considerations. To Brazil, and Mexico, say, who cast their lot with us in this war without being threatened or attacked. Spare parts in Army warehouses could then be sold back to the manufacturers for resale to the new owners as needed. The picture wouldn't look so bad! Brazil or Mexico couldn't have afforded very many of these airplanes originally, but they will need and will buy a lot of spare parts to keep them going.

Further, these countries will need technical guidance on the handling and maintenance of these airplanes. Foresighted manufacturers will seize the opportunity of instructing them; at the same time opening for themselves the contacts which will lead to later aircraft sales! Instead of destroying airplanes, we can make them profitable to their manufacturers, and promote international good will. Surplus aircraft can provide for world-wide sales and service; they need not bring disaster!

Simplification of Design

One of the reasons for the high cost of airplanes is the complexity of their structural design. Engineers disagree somewhat as to the source of this trouble. But we can attribute it in part at least to the system of dividing the engineering department into groups for the design of the detail components.

The aero-dynamic engineer's job is ended with the final determination of the basic configurations. When this is done it is necessary only that the completed product meet the set weight and balance requirements, and for the structural members to pass stress and flight-loading tests. These structural members must be exactly and specifically drawn, but among the smaller parts, the gussets, brackets, doublers, angles, etc., simplification could be practiced to advantage.

Under the present common practice a separate group of engineers is assigned to each of the component assemblies, i. e., to the wing, fuselage, empennage, power plant, landing gear, and the systems. As a result the finished airplane has many detail parts which are similar though each group has drawn them slightly different. In a large percentage of instances these small parts could have been identical. For example, in one assembly on one of our well-known fighter planes there are two flat gussets made of the same material but of different shapes. Their extreme lengths vary by 3/16ths of an inch and their width by ⅜ths of an inch. Two other gussets vary by 5/32nds of an inch in length and ⅜ths of an inch in width. On another airplane one assembly had 11 stiffeners so similar that one die could have produced all of them with a saw operation to cut them to size. Each of the small parts above requires the same paper-work as a large assembly; each requires a blueprint, a tool blueprint, a die, listing on the bill of material, listing in the catalogue, a shop fabrication order, cost-accounting records, etc. Had this work been properly coordinated at the time of design, four-fifths of the time and expense actually incurred would have been eliminated. This ratio undoubtedly would not hold true over the entire airplane, but in view of the fact that the number of separate parts in some airplanes runs into five figures, a considerable saving can be effected.

Further, engineering departments will have to cooperate with tooling and production departments at the time the components are drawn instead of using the system of trial and error that is now widely practiced. In this manner designs for which tooling cannot be made or for which the shop has no fabrication facilities can be changed at once, before a piece of metal has been cut. Proof that this can be done is shown by the fact that one of our major airframe manufacturers produced a prototype of a new model from the first line on the drawing board to a flying airplane in approximately four months by just such a practice.

By such methods of time and labor saving the cost of private planes can be cut to a marketable figure. The automobile companies simplified design, and increased sales at lower costs spiraled their industry into one of the nation's greatest.

In addition to cheaper initial costs, simpler design will produce more economical service. This is an item to be considered, when applied to aircraft. At present most companies charge exorbitant prices for repair work. In an actual case a small airplane which cost $58,000 in 1938 has had $90,000 worth of service up to June of 1944. With the exception of one small accident repair, this amount was spent for routine maintenance and overhauling. Such high costs can be traced to the complexity of the airplane requiring special equipment and highly skilled and trained personnel for even minor repairs. The buyer of a $2,000 automobile will hesitate to buy if he sees the prospect of spending $3,000 in normal maintenance over a few years. Similarly, the sale of airplanes will expand when service problems are simplified and service costs cut.

Man-Power — War and Post-War

This section and the one following treat with the necessary strengthening of the inner structure of the companies themselves. This is one more step and possibly the most important in getting the industry back on a sound commercial, competitive basis.

The aircraft industry must begin at once to make a qualitative survey of its man-power situation. The companies that first make such surveys and begin to sift and sort personnel will have the best post-war prospects.

During the war emergency the problem of personnel was almost entirely one of quantity. Hence, the continuous cries of "crucial man-power shortage" and the "earn-while-you-learn" programs for the utilization of unskilled labor to fill empty spots on the assembly lines. The post-war problem on the other hand is for the most part qualitative; the forward-looking manufacturers will remember that retained manpower must be capable, as well as numerically sufficient. Since most of the mass-producers have long since lost sight of this fact, the problem is greater than it appears.

A part of the mix-up came about through circumstances attached to overnight expansion. The first group to take the jobs offered was comprised of men to whom it offered the first steady job in some years. The men best equipped for executive and supervisory spots stayed away; because they had good jobs, or businesses of their own and the rewards offered were not large enough. When, finally, they did turn to the aircraft plants for one reason or another, they found, in most cases, that their jobs were subordinate to those held by the early-comers, by reason of that not-measurable qualification known as "seniority."

Along with these, are the vocational misfits; top-flight engineers who are executives in charge of interoffice communications, first-rate mechanics who are supervisory paper-shufflers, etc. In short, men who moved away from the jobs in which they were best qualified because more advanced positions in the organization were available at larger salaries.

In the ordinary course of events the industry will lose these men first unless something is done about it. Lay-offs on a seniority basis will hit them first and they will be the first to leave voluntarily because they will have first call on other opportunities and because their stake is least valuable where they are. For this reason management will have to take a positive view of the personnel-reduction problem. The most capable men, more than any others, have no confidence in existing management policies; this is proven by the number now seeking other jobs, or establishing side-line businesses to be developed after the war. They see a woeful lack of intelligent planning and a riotous confusion caused by over-expansion.

The few companies which have invested in costly programs of management control have done little more so far than cause worse confusion by adding unrest to the troubled thoughts of the workers. Intelligent management counsel has been blocked furthermore by the sort of industrial nepotism fostered under loose economy. Efficiency has been put aside in favor of production for so long that it is almost impossible to find a place to begin. To every problem for the past four years the industry has had but one answer: "hire more help." The point has been reached at which reductions for the sake of efficiency will bring forth the panicky cries of "cut-back," "lay-off," "cancellation" and "chaos."

But the fact remains that layoffs can be made without reducing productive capacity. It will not be an easy job. But it can be done, providing that the steps taken are decisive, forthright, and definite. Much care will have to be taken; the general direction must be toward a great reduction in the staff organization with a shifting of personnel to strengthen the line throughout. Only by such handling can adequate precautions be taken to lock the barn before the best draft-horses have been stolen.

Administrative Efficiency

The complicated corporate structures and the non-productive luxury appendages fostered under cost-plus contracts will have to be lopped off. Widely scattered plants, with resultant communication and transportation systems will have to go. Expensive research departments not directly connected with the product, interesting though their findings, will be a heavy burden on the normal sales return.

The first warnings of this have already made their appearance, despite the fact that hostilities have not ceased. The complaint has been made by the comptroller of one of the airplane manufacturers that costs of most programs of advertising, public relations, and employee - morale - building have been declared by the Government's General Accounting Office to be not allowable under cost-plus contracts. This is an indication that the time is past for large proportions of indirect workers. Post-war organizations will have to be almost strictly utilitarian. All employees will have to be directly connected with (1) building airplanes, (2) selling airplanes or parts, or (3) handling money.

Exception must be made, of course, for design and structural research. These are the heart-beat of the industry, and no one questions the legitimacy of their costs. But minor monarchies engaged in the building of voluminous files of interesting statistical material will go as soon as the manufacturer himself starts to pay the bills. This is not to say that there will be no more research on industrial relations, markets, etc. But it will have to be done much more economically than at present. The sketchier surveys made by advertising agencies, public relations counsel, and other service organizations will suffice.

The ruthless destruction of complicated departmental structure must proceed without regard to personalities involved; in most cases they were built by personalities without regard to their usefulness. Unbelievable extremes have been reached. For example, the following list of departments, divisions and offices is one major division of the Finance branch of one of our largest airframe companies:

Accounting

Accounting office.
Accounts payable department.
Auditing department.
C. P. F. F. department.
C. P. F. F. accounting department.
Comptroller's office.
Consignment accounting department.
Cost accounting division.
Cost control department.
Cost planning department.
Cost records department.
Disbursements accounting division.
Disbursements audit department.
Disbursements documentation and claims department.
General accounting division.
General accounting, records and reports department.
Inventory accounting division.
Inventory audit department.
Inventory control department.
Key-punch department.
Machine accounting division.
Payroll accounting department.
Payroll auditing department.
Property accounting department.
Reports and statistics department.
Systems department.
Tax department.
Timekeeping department.
Timekeeping general department.
Timekeeping office.

Such a corporate structure is not a breakdown of functions; it is a complete collapse! Interdepartmental communications alone use enough paperwork to overload any single airplane built as a result. Whole empires are built around filing systems. But this article is not meant to be merely a denunciation. Therefore, let us say only that the deeds of the aircraft industry in the war effort may go unheralded, but they certainly will never be unrecorded.

The fact remains that all of the overstaffing has not turned out more airplanes. The industry blossomed in a rush, and hiring three new men for every new job was not the answer. Best records of production have been made by the old-line production heads who knew how to make every minute and every hand count most effectively. Henry Ford's Willow Run plant has exceeded production records of plants that were "in production" when Willow Run was a swamp!

The companies that start now to practice efficiency and sound business are the companies that will continue to operate in the black when the going gets tough and the competition keen. It is not too early—indeed, it is almost too late.

Aviation can meet the market but it must meet itself first. When its decks are cleared of war-time extravagances, aviation will have just prepared for battle. It's program must be long range in planning and execution. Overnight acceptance of the airplane for mass transportation is not practical thinking. The automobile and the railroad did not become big until they gained utility. The motorboat is essential to perhaps 25,000 people and a luxury item to the remaining 325,000 owners. The next few years will see a parallel in private airplane registration.

The airplane will possess utility when these are available: many thousands of conveniently located airports, cheap initial cost and service, all-weather flight aids, and daily necessity.

Until then there will be no spectacular profits.

Ambrose R. Clark Dead

Ambrose R. Clark, bond investment broker and economist of 71 Broadway, N. Y., head of the firm of Ambrose R. Clark & Co., died on his farm at Fayettesville, N. Y., aged 64, where he had gone to vote at the last Presidential election, Mr. Clark was dean of the board of ushers of the Riverside Church, 122nd St. and Riverside Drive, New York. He devised and developed a model system of church usher service from six men in 1897 to nearly a hundred ushers as at present, which is unique for its precision and expeditious efficiency. In the same interval the congregation of this church increased from 300 in 1897 to over 3,000 in 1944. Dr. Harry Emerson Fosdick is the head of Riverside Church, of which John D. Rockefeller, Jr., is a member.

At a dinner given in his honor at the completion of his 40 years of service Mr. Clark defined his duties as Chairman of the board of ushers in these words: "Ushering is the science of making the church member and the visitor feel comfortably at home and lending spiritual dignity to the whole church service."

This Announcement is not an Offer

Municipality of Bogota
(Municipalidad de Bogotá)

City of Bogota
(Republic of Colombia)
8% External Sinking Fund Gold Bonds of 1924
Dated October 1, 1924, Due October 1, 1945

Municipality of Bogota
(Republic of Colombia)
Power and Light Consolidation Loan of 1927
Twenty-Year External 6½% Secured
Sinking Fund Gold Bonds
Dated April 1st, 1927—Due April 1st, 1947

The Municipality of Bogota (hereinafter referred to as the "Municipality") announces that, under the terms of an Offer to become effective November 15, 1944, it has arranged for the delivery of Republic of Colombia 3% External Sinking Fund Dollar Bonds, dated as of October 1, 1940, due October 1, 1970, with coupons maturing on and after April 1, 1945 attached (hereinafter referred to as the "Government Bonds") in exchange for equal principal amounts of bonds of either of the aforementioned issues, with coupons maturing on and after April 1, 1932 attached (hereinafter referred to as the "Municipal Bonds").

The Government Bonds to be delivered in exchange under the Offer do not represent an original or additional issue, but consist of bonds heretofore issued by the Republic of Colombia and listed on the New York Stock Exchange.

This Announcement is not the Offer of the Municipality. Copies of the Offer may be obtained from The National City Bank of New York, Corporate Agency Department, 20 Exchange Place, New York, N. Y., which has been designated by the Municipality as the Exchange Agent to effect the exchange specified in the Offer. Copies of the Exchange Agency Agreement are available for inspection at the above-mentioned office of The National City Bank of New York.

The Offer will remain open for acceptance until the close of business on October 1, 1946, or such later date as the Municipality may designate.

Holders of Municipal Bonds who desire to exchange the same for Government Bonds in accordance with the Offer should deliver such Municipal Bonds to The National City Bank of New York, Corporate Agency Department, 20 Exchange Place, New York, N. Y., as Exchange Agent, with properly executed letter of transmittal in accordance with the terms of the Offer. Copies of the form of letter of transmittal may be obtained from the Corporate Agency Department of The National City Bank of New York.

JORGE SOTO DEL CORRAL
Mayor of Municipality of Bogota
(Republic of Colombia)

Dated November 15, 1944.

Haney Discusses Old Age Tax

By LEWIS H. HANEY
Professor of Economics,
New York University

The "social security" issue is up again. It has bobbed up at this time largely because the tax that is levied on the people is supposed to increase next year. Also there are those in the government who want more revenue to spend, and would welcome an increase in any taxes that would give them more funds.

Lewis H. Haney

Incidentally, the trend is toward broadening the application of social security so as to cover more people. Presumably, therefore, a government that wants to buy votes would favor raising more revenue to spend, if the taxes would not antagonize most voters.

The law provides for an automatic increase next year from a 1% to a 2% tax to provide a social security "reserve."

But the law also provides for a maximum limit on the "reserve," this being three times the greatest annual expenditure contemplated. And this maximum limit has already been far exceeded. The "reserve" as now figured is probably at least eight times the greatest annual expenditure in sight.

Thus even from the legalistic standpoint there is no need to increase our social security taxes.

* * *

But even more fundamental is the fact that the provisions of the law concerning reserves are bad—very bad. For example, the taxes collected are not kept as a true reserve, but are put into government obligations, which increase the public debt without providing any proportionate revenues. (Much of the "reserve" is, in my opinion, wasted.) The benefits paid are not in proportion to contributions made. No "social security" is provided for people who work for themselves, or are self-employed.

Other criticisms might be made, but even if the law is bad, that is no reason for abusing it. The figures at the end of 1943 showed a so-called reserve of 4.8 billion dollars for old age security, and 5.1 billion dollars for unemployment. These "reserves" are growing rapidly. Tax receipts have been larger than estimated, and payments less. But the highest annual expenditures contemplated in any of the next few years do not exceed 700 million dollars. Thus the "reserves" are excessive.

And they exist only on paper. Either the Treasury would have to do new borrowing, or it would have to sell the various obligations into which it has put the social security funds, if it were to realize on the so-called reserves.

* * *

One of the worst features of the social security taxes is that many regard them as a means of fighting inflation. There is no excuse for taking our money under the guise of providing reserves for our old age and unemployment, and throwing it into the OPA and WLB experiments.

Furthermore, the move is futile, because the funds are merely spent by the government, and thus add to the general inflation of bank credit and deposit currency.

Anyhow, if we were to mix our social security taxes up with this hold-the-line stuff, the next thing we would see would be a proposal to reduce the tax in order to fight deflation! If we raise it, we can lower it. Manipulation would result.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE JR.

The outstanding feature of the Government bond market in the past week was the continued strength in the last four maturities of the partially exempt obligations, with the 2⅞% due 1955/60 in particularly good demand. . . . The statement of Chairman George of the Senate Finance Committee, that the prospects that individuals and corporations will be given any substantial income tax relief in 1945 are very remote, as well as the statement of Chairman Eccles of the Federal Reserve Board, that much of the current discussion in favor of reducing corporate taxes after the war, is in the realm of wishful thinking, because the revenue objective is set entirely too low, undoubtedly had an effect on the partially exempt section of the Government bond market. . . .

TAX TRENDS DISCOUNTED

It seems to be pretty generally felt now in Government bond market circles that the long-term partially exempt issues have quite fully discounted probable future tax trends, and at present prices they are being recommended for income as well as appreciation. . . . The 2⅞% due March 15, 1955/60, made substantial gains during the week, and it was pointed out that on March 15, 1945, these bonds will be within the 10-year maturity range, which is considered desirable for banks by the Government. . . .

It is reported that some institutions have been anticipating this feature and were substantial buyers of this security in the past week. . . . At present prices of 112 6/32, the yield to the call date is 1.59 with the tax-free yield at 1.34%. . . .

There is no exactly comparable maturity in the taxable issues to the 2⅞s, but some idea of the attractiveness of the latter security, from a tax-free yield basis, is shown by the fact that the taxable 2½% due March 15, 1956/58, a year longer to the call date than the partially exempt 2⅞% issue, gives a tax-free yield of 1.27%. . . . The taxable 2¼% due Sept. 15, 1956/59, gives a tax-free yield of 1.31% with this issue one year and six months longer to the optional call date than the partially exempt obligation. . . . According to the latest available Treasury figures there are $2,611,000,000 of the 2⅞% due March 15, 1955/60 outstanding, with the ownership of this obligation as follows:

Commercial Banks	$949,000,000
Stock Savings Banks	31,000,000
Mutual Savings Banks	61,000,000
Life Insurance Companies	165,000,000
Fire and Casualty Companies	133,000,000
Government Agencies and Trust Funds	365,000,000
All Other Investors	907,000,000

It was reported that recommendations are still being made to institutions paying excess-profits taxes and holding the high premium medium-term partially exempt securities, that these issues be exchanged for the long-term partially exempt obligations. . . .

The following changes have been suggested:

	Recent Price	Yield to Call Date	Tax Free Yield
Sell—			
3⅛% due 12-15-49/52	109 28/32	1.11%	0.93%
2¾% due 6-15-51/54	108 26/32	1.34	1.13
3% due 9-15-51/55	110 13/32	1.39	1.17
BUY—			
2⅞% due 3-15-55/60	112 6/32	1.59	1.34
2¾% due 9-15-56/59	111 22/32	1.65	1.39
2¾% due 6-15-58/63	111 21/32	1.78	1.50
2¾% due 12-15-60/65	111 28/32	1.89	1.59

TAXABLES STEADY

The taxable issues were steady last week, with considerable interest being evidenced by commercial banks in the 2s due 6-15-52/54 at prices of about 100 13/32. . . . It was pointed out that at this level the bonds are just about in line with the interest run-off to the date of purchase, Dec. 18, by the banks of the 2% due 12-15-52/54, together with the indicated premium that the new 2% bonds will sell at, when they become available in the open market, at the conclusion of the Sixth War Loan. . . . If the presently outstanding 2% due 6-15-52/54 were to be sold now at 100 13/32 and the proceeds kept available for the purchase of the new 2% due 12-15-52/54, on Dec. 18, the interest that would be lost during this period would be equivalent to a decrease in price of 5/32 for the 2% issue disposed of. . . .

Based upon presently prevailing prices for the called 4%, which may be exchanged for the new 2%, it is indicated that the 2% due 12-15-52/54 will command a premium of about 7/32 when they become available on Dec. 18, so that commercial bank purchasers of this issue would have to pay 100 7/32 for these bonds. . . .

The loss of interest during this period of 5/32 in price for the 2% due 6-15-52/54, if they were sold now, together with the indicated premium to be paid for the new 2% bond of 7/32, means that the commercial bank holders of the 2% due 6-15-52/54, presently selling at 100 13/32, have practically nothing to gain from the sale of these bonds now, with the proceeds idle until the new 2% due 12-15-52/54 are available for purchase by them on Dec. 18. . . . Also, the difference in maturity between the 2% due 6-15-52/54 and the new 2% due 12-15-52/54 of six months should favor the shorter maturity to the extent of at least 2/32 in price. . . .

NOT APPLICABLE TO OTHER BUYERS

This condition does not apply to savings banks, insurance companies and other investors since they are eligible to purchase the new 2% due 12-15-52/54 at 100 right up until the end of the drive, Dec. 16, and it is believed in some quarters that these participants in the War Loan may take advantage of the premiums prevailing for the 2% due 6-15-52/54 to obtain funds that can be put to work immediately in the 2% due 12-15-52/54 at the issue price. . . .

Holders of the maturing certificates of indebtedness, the Series G ⅞% due Dec. 1, 1944, have been given the right to exchange these securities par for par for the Series C 0.90% Treasury notes which mature Jan. 1, 1946. . . . It is indicated from present quotations for the maturing certificates of indebtedness that the new 0.90% notes will go to a premium when they become available in the market. . . .

A recent bid for the maturing certificates of a no-yield basis plus 25¢ per certificate, would be equivalent to a yield for the new notes of about 0.84% compared with the return of 0.90% available to the holders of the maturing certificates, who obtained these new notes at par through the exchange offer. . . .

The large New York City commercial banks, it was reported, are very much interested in the new notes, with demand also appearing from out-of-town institutions. . . .

WAR LOAN SUCCESS ASSURED

The Sixth War Loan got under way last Monday, and indications already point to another substantial over-subscription of the quota set by the Treasury of $14,000,000,000, of which $5,000,000,000 will be sales to individuals and $9,000,000,000 to non-bank investors. . . . The securities offered in the drive are:

Savings Bonds—Series E, due 10 years from date of issue, and for individuals only

Series F and G, due 12 years from date of issue. For all non-bank investors, up to a limit of $100,000, with commercial banks permitted to subscribe for only a limited portion of their savings and time deposits

Savings Notes—Series C, due three years from date of issue, open to everyone

Certificates of Indebtedness—⅞%, due Dec. 1, 1945, available to all, except commercial banks, who may not purchase them for their own account prior to Dec. 18, 1944

Treasury Notes—1¼%, due Sept. 15, 1947. Available to all non-bank investors, with commercial banks not allowed to purchase them for their own account prior to Dec. 18, 1944. The commercial banks may acquire these notes for own account in exchange for called 4% due 1944/54

Treasury Bonds—2%, due Dec. 15, 1952/54. Available to all non-bank investors, with the commercial banks permitted to subscribe for only a limited amount of savings and time deposits, until Dec. 18, 1944. May be acquired by commercial banks in exchange for called 4% 1944/54

2½%, **due March 15, 1966/71**—Available to all non-bank investors, with the commercial banks allowed to subscribe for only a limited part of their savings and time deposits. Additional amounts of these bonds cannot be purchased by commercial banks until Dec. 1, 1954. . . .

MARKETABLE ISSUES

Trading in the marketable issues, consisting of the ⅞% Certificates of Indebtedness due 12-1-45, the 1¼% notes due 9-15-47, the 2% bonds due 12-15-52/54 and the 2½% bonds due March 15, 1966/71 will not be allowed until Dec. 18, 1944. . . .

The data that has been given out by the Sixth War Loan Committees is very complete, easy to understand, with the issues to be offered in the drive described, in such a way as to point out the fact that there is a security to fit the need of every buyer. . . . The data will be very helpful in selling these securities to individual investors, who again must do their usually important part in making this War Loan a success. . . . In this drive the goal will be the sale of $2,500,000,000 of Series E Savings Bonds, which is somewhat lower than the amount sold in the Fifth War Loan. . . .

ANTI-INFLATION FORCE

It is again rightly emphasized that earnings placed in war bonds and held there are a potent anti-inflation force, particularly against the cost of living which has been slowly but surely rising. . . .

In order to prevent a further rise, it is essential that the volume of spending be curtailed, and the way to do this is for present holders of savings bonds to not only keep those they already own but to put every available dollar into the new securities now being offered. . . .

The reasons for a war bond campaign are to finance the war and reduce the inflationary pressure which develops when individuals do not do their part in buying the securities being offered in the drive, and the Government, in order to get the money to carry on the war, must sell these obligations to the commercial banks, which results in new deposits and new purchasing power being created, which is something that is most certainly not needed at this time. . . . A similar situation prevails when the individual holders of savings bonds turn them in for redemption. . . The Government pays off these bonds upon presentation, but the money that is used to pay off these securities must be obtained somewhere by the Treasury. . . .

BUYING POWER REDUCED

Because individuals are cashing in their savings bonds it is necessary for the Government to sell its own securities to the banks in order to get the necessary funds to meet these redemptions. . . . Sale of Government bonds to the banks for bond repayment purposes results in new deposits as well as new purchasing power being created, which eventually becomes evident in rising prices. . . . Effect of higher prices is to curtail the purchasing power of the dollars received in exchange for the bonds turned in for payment. . . .

Individual purchases of war bonds that are held and not turned in for redemption are not only a powerful weapon against inflation but also are a storehouse for future purchasing power that should be used only as additional supplies of goods and services are made available when the war is over. . . .

Therefore, it was pointed out, that the "Buy for Keeps" slogan of the Sixth War Loan Drive has a very significant meaning in the light of these facts. . . . And each individual must do his or her very best to not only purchase more savings bonds during the drive but also to hold on to the certified checks, that bear interest, which is what the presently outstanding savings bonds really are, since it is the duty of every one of us to bear our share of the responsibility of financing this war until it has been completely fought to a successful ending.

Situation Looks Good

Wellman Engineering Company offers interesting possibilities according to a circular issued by Wm. J. Mericka & Co., Inc., 29 Broadway, New York City, members of the Cleveland Stock Exchange. Copies of this circular may be had from the firm upon request.

U. S. Savings and Loan League 52nd Conference Studies Veterans' Loans and Home Ownership

W. M. Brock Elected President at Annual Meeting

W. M. Brock, Dayton, Ohio, President of the $30,000,000 Gem City Building and Loan Association, was elected President of the United States Savings and Loan League Nov. 14 at the League's national conference on veterans' loans and home ownership, which was its 52nd annual meeting. Mr. Brock was First Vice-President this past year and he succeeds John F. Scott, St. Paul, Minn., as head of the organized savings and loan and cooperative bank business.

For Vice-President the League elected Henry P. Irr, of Baltimore, President of the Baltimore Federal Savings and Loan Association, and active in post-war planning activities in the State of Maryland.

President

W. M. Brock

Mr. Brock is also a member of the council of the international organization of the thrift and home financing business, having been elected at the last international congress of the business held in Zurich in 1939. He has been chairman of the United States League's important Committee on Economic Policies and has also served on its Committee on Trends and its Constitution Committee. He has had a lifelong affiliation with the Gem City Association in Dayton, having started 40 years ago and being the manager for the past 20 years.

H. F. Cellarius, Cincinnati, O., was elected Secretary of the League for his 49th term.

Morton Bodfish continues as Executive Vice-President of the United States Savings and Loan League.

The new directors elected for the twelve districts of the League are:

District one, Henry H. Pierce, President of the Merchants Co-operative Bank of Boston; district two, Fred G. Stickel, Jr., Newark, N. J., attorney; district three, Norman E. Clark, Executive Vice-President of the First Federal Savings and Loan Association of New Castle, Pa.; district four, J. F. Stevens, Secretary-Treasurer of the Gate City Building and Loan Association of Greensboro, N. C.; district five, E. J. Rupert, Vice-President of the Broadview Savings and Loan Co. of Cleveland; district six, John C. Mindermann, Secretary of the General Building Association, Covington, Ky.; district seven, Walter J. L. Ray, Vice-President of the Standard Savings and Loan Association of Detroit; district eight, Charles M. Pors, Secretary-Treasurer of the Marshfield (Wis.) Building and Loan Association; district nine, L. W. Grant, President of the Home Federal Savings and Loan Association, Tulsa, Okla.; district ten, A. C. Bigger, President of the Metropolitan Building and Loan Association of Dallas; district eleven, F. S. McWilliams, President of the Fidelity Savings and Loan Association of Spokane, Wash., and district twelve, George B. Campbell, President of the Independent Building-Loan Association of San Jose, Calif.

The geographical grouping of the districts is as follows: district one, the New England States; district two, New York, New Jersey, Puerto Rico and the Virgin Islands; district three, Pennsylvania, Delaware, Maryland and West Virginia; district four, Virginia, North Carolina, South Carolina and District of Columbia; district five, the State of Ohio; district six, Kentucky, Tennessee, Mississippi, Alabama, Georgia and Florida; district seven, Illinois, Indiana and Michigan; district eight, Iowa, Nebraska, Minnesota, North Dakota, South Dakota and Wisconsin; district nine, Colorado, Kansas, Missouri and Oklahoma; district ten, Arkansas, Louisiana, New Mexico and Texas; district eleven, Idaho, Montana, Oregon, Utah, Washington, Wyoming and Alaska; district twelve, Arizona, California, Nevada and Hawaii.

Representatives of the American Legion, the Treasury Department, the CIO, the real estate fraternity, the Veterans' Administration, and government instrumentalities in the housing field were speakers, including Harry W. Colmery, Topeka, Kansas, Past National Commander of the American Legion; R. J. Thomas, Detroit, Chairman of the CIO Committee on Housing; John W. Galbreath, Columbus, Ohio, President of the National Association of Real Estate Boards; John B. Blandford, Jr., Administrator of the National Housing Agency; John H. Fahey, Commissioner of the Federal Home Loan Bank Administration; Gardner W. Taylor, New York, Chairman of the Post-War Savings and Loan Program Committee; Francis X. Pavesich, Chief, Loan Guarantee Division, Veterans' Administration; Curt C. Mack, Assistant Commissioner, Federal Housing Administration; Roy Wenzlick, St. Louis, real estate analyst; John F. Scott, St. Paul, President of the United States Savings and Loan League; Morton Bodfish, Chicago, Executive Vice-President of the League; H. F. Cellarius, Cincinnati, Secretary-Treasurer; Horace Russell, Chicago, General Counsel for the League, and A. R. Gardner, Chicago, President of the Federal Home Loan Bank of Chicago; Allen G. Pflugrath, Milwaukee, Wis.; Hugh E. Rosson, Portland, Oregon; Hugh H. Evans, Los Angeles, and A. C. Steinhauer, Madison, Wis.

Executive Vice-President

Morton Bodfish

1st Vice-President

Henry P. Irr

Secretary

H. F. Cellarius

Savings and Loan Institutions And Veterans' Loans

United States Savings and Loan League Conference at Chicago Hears Addresses on Veterans' Loans and Home Ownership. Pledges Support in Making Effective Home Loan Provisions of the Veterans' Readjustment Act.

The United States Savings and Loan League held a special Conference on veterans' loans and home ownership along with its 52nd Annual Meeting in the Palmer House at Chicago on Nov. 13 to 15 inclusive. Among the speakers who devoted their remarks to veteran loans as provided for in the Servicemen's Readjustment Act of 1944, (the so-called "G.I. Bill of Rights") were H. W. Colmery, Topeka, Kans., Past National Commander of the American Legion; Charles M. Potter, Chief of the Home Loan Section of the Veterans' Administration; John F. Scott, retiring President of the United States Savings and Loan League, and Horace Russell, General Counsel of the League.

John F. Scott

Mr. Scott, as spokesman for the league at its opening session, on Nov. 13 told its members that "it is up to us to see to it that no one rightfully entitled to receive benefits under Title III of the Servicemen's Readjustment Act is denied, for want of our ability and willingness to serve him.

"I am certain that our associations, after fully considering all the factors involved, will realize and accept this challenge to private enterprise to prove itself capable of this financing," he continued. "It will be an opportunity to invest in 'G.I. Joe'—a fellow who was willing to invest his life for us. It will be a distinct and definite contribution toward later security and stability of the nation by enabling returning servicemen to find security and stability in their own lives.

"This operation has to be just as complete in its territorial coverage as was the HOLC. The veteran who returns to the smallest hamlet in the nation is as much entitled to complete financial assistance in acquiring a home as is the veteran who desires to locate in our largest metropolis. It appears to me most clear that if private enterprise on the home loan front doesn't do this 'G. I.' financing and do it well, an aroused nation will properly demand that somebody do something about it. In that eventuality, somebody will do something about it and that somebody will be Uncle Sam himself."

Mr. Scott suggested that despite whatever plans are made by others for celebration of V-E day in each particular community, the savings and loan managers announce to the world that their institutions will remain open for business "to serve those fellow Americans who desire to purchase additional war bonds on that day as an expression of Thanksgiving for European Victory and as a sacred pledge of unceasing sup-

(Continued on page 2267)

Atlanta Federal In New Quarters

ATLANTA, GA.—The Atlanta Federal Savings and Loan Association has removed its offices to new quarters in the main banking room on the first floor at 22 Marietta Street. It is felt that the improved facilities at this convenient location will insure better service to the savings and loan members of the Association.

The Atlanta Federal Savings and Loan Association was first chartered by the State of Georgia in 1928, converted into a Federal Savings and Loan Association under a Federal Charter on Aug. 26, 1935, thereby securing insurance of accounts up to $5,000.

From its beginning the main purpose of the Association has been to encourage savings and home owning by making long term loans on a simple and convenient monthly repayment plan.

During its existence the Atlanta Federal has consistently paid liberal dividends to its savings and investment members, has accumulated substantial reserves, and has made more than 10,000 loans, all on local properties.

Officers and directors are:

Walter McElreath, President; R. W. Davis, Vice-President and Treasurer; W. L. Blackett, Vice-President; W. O. DuVall, Secretary and Attorney; C. A. Adair; A. C. Ayers; Allen W. Clapp; E. H. Ginn; Dr. Harry B. Johnston; R. S. King; Dr. G. Grady Poole; Ward Wight.

CONDENSED FINANCIAL STATEMENT AS OF SEPT. 30, 1944

ATLANTA FEDERAL SAVINGS & LOAN ASSOCIATION

22 Marietta Street Building — Ground Floor — Atlanta 3, Georgia

Organized 1928

ASSETS		LIABILITIES	
First Mortgage Loans	$5,228,158.70	Savings and Investments	$8,163,202.03
First Mortgage Loans, FHA Insured (Quickly convertible into cash at par)	2,299,855.96	Advances, Federal Home Loan Bank	None
Loans on Association's Shares	4,624.64	Borrowed money	200,000.00
Federal Home Loan Bank Stock	60,000.00	Home Loans in Process	438,703.77
U. S. Government War Bonds	2,000,000.00	Other Liabilities	18,508.40
Accrued interest on War Bonds	5,186.75	Reserves and Undivided Profits	897,827.90
Cash on Hand and in Banks	120,421.05		
Furniture and Equipment (written off as purchased)	1.00		
	$9,718,242.10		$9,718,242.10

Latest Semi-Annual Dividend at Rate of 3% per Annum

Accounts Insured up to $5,000

We Invite Investments of Individuals and Corporation Trust Funds

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Member Federal Home Loan Bank System
Federal Savings & Loan Insurance Corporation

Growth of the Perpetual

1st year	1882	Resources	$27,843.28
11th "	1892	"	900,822.64
21st "	1902	"	2,353,359.39
31st "	1912	"	3,428,144.88
41st "	1922	"	8,447,613.08
50th "	1931	"	26,749,387.06
51st "	1932	"	30,596,813.40
52nd "	1933	"	32,046,298.20
53rd "	1934	"	35,989,219.58
54th "	1935	"	39,834,747.90
55th "	1936	"	43,399,131.66
56th "	1937	"	46,784,020.67
57th "	1938	"	48,413,076.24
58th "	1939	"	50,253,515.75
59th "	1940	"	51,792,313.18
60th "	1941	"	54,216,152.33
61st "	1942	"	56,734,244.06
62nd "	1943	"	60,093,956.07
63rd "	1944	"	65,268,009.06

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EDWARD C. BALTZ, *Secretary*

Post-War Role of Savings and Loan Associations

By JOHN H. FAHEY*
Commissioner, Federal Home Loan Board Administration

Among the Factors Which Indicate a Large Increase in Home Building, Mr. Fahey Lists the Nation's "Housing Conscious" Sentiment; the Housing Shortage; and The Large Volume of Private Savings, Now Exceeding $100 Billions. Stresses the Need for Low Cost Homes to Sell Under $5,000, and Predicts Greater Responsibilities of Lending Institutions in Influencing Investments in This Class of Homes and In Promoting Home Ownership, Security And Community Welfare.

John H. Fahey

The combined forces of thrift and home finance in the United States face the challenge of a great opportunity. Our present array of favorable factors is without precedent and their possibilities of public benefit are enormous. I suppose no one is completely blind to them. Every one must be at least vaguely conscious that we are living in an atmosphere of unusual possibilities. The stirrings and murmurings of impending change are everywhere manifest, and those of us whose business it is to deal with thrift and home finance are deeply aware of such challenges as define opportunity and make clear our duty. In this company of specialists I need only remind you of their character and of what they mean to us as we face the future.

First of all, what are the favorable factors? You know them and your list would be long. Let us consider seven only. At the top of the list I would place the fact that today practically the entire country is housing conscious and demands a quality of housing for all of our people better than we have ever had.

Some communities in the United States became housing conscious earlier than others and some of these communities promptly took action. The results are apparent to any traveler. Those who by any of our means of transportation move from one community to another have observed the striking differences, not alone in architectural design but also in the general cleanliness and attractiveness of the structures and their upkeep. When we come upon such places our very thoughts are elevated and we think of the citizens of such communities as living and acting on a higher plane of human endeavor than their less enterprising neighbors. The slovenly, unkempt, bedraggled communities that pull down the mental as well as the physical state of the area leave their stamp upon the entire population. In retrospect we think of the citizens of such communities as partly besmirched or tainted by their environment. Who cannot name towns and cities that by their physical attractiveness lift their inhabitants above what I am ashamed to call our normal level? Who cannot name some that unhappily are far below that level? How fortunate are they who can truthfully say they are citizens of no mean city. While it took more than housing consciousnes in these improved areas to make them physically attractive, the consciousness was certainly an important factor in bringing about a change. It is an augury of great value that America has become housing conscious.

My second item on the list of favorable features is planning. Today the air is full of planning—not in Government circles only but what is more significant—at the creative and working level of everyday American business. Everybody is doing it, and much now in process is being done with realism and intelligence. Clearly there is widespread determination that we shall have a better world for ourselves and our children. All are ready to give lip service. A large number are doing more. Business men of practical bent are conscious of the steps that must be taken to achieve substantial improvement. With the engineering and management skill that they apply to their own personal and business problems, they are preparing patterns and blueprints which call for wiping out our slums of blight and degradation and substituting communities of beauty and health-giving comfort and convenience.

We all know that we have adequate resources—resources which we have never fully put to use. We know that by organizing these resources we can have attractive communities as well as unattractive. In the final analysis we shall have what we genuinely and adequately desire. Many planners are doing careful, creative work. They have a right to expect intelligent study and use of their plans and our full cooperation in adapting them and making them serve our aroused and more enlightened purposes.

Third on the list is the accumulated housing need. That need is large for reasons which are obvious to all of us. It grew during the depression and has never been met. New housing that should have been produced and would have been produced had we not entered upon a world war is larger in volume than many have realized. In addition to new housing we have had large items of maintenance and repair which constitute such serious neglect as to require more than ordinary investment. When the requirements of new housing and of maintenance and repair are combined, the sum total is greater than any we have known. The demand is not only potential, it is actual, and we shall have a convincing demonstration of it as soon as the war ends and well-balanced construction can begin.

A fourth and clearly favorable factor is the accumulated savings of the American people. These have reached an unprecedented height and, at our current level of income, will continue to grow in enormous volume. At the end of 1939, shortly after war started in Europe, individual savings in savings and loan associations, banks, insurance companies, savings bonds, and similar forms totailed approximately $54,000,000,000. By the middle of this year these savings had grown to an estimated total of $95,000,000,000. This large figure does not represent the full total, for people can save money without putting it in the bank. They can and do buy houses, repay debts, and save money in other ways. If allowance is made for total individual savings in all forms, this total in the last four and one-half years has exceeded the staggering figure of $100,000,000,000.

In the prosperous year of 1929, when our national income reached its then all-time high of $82,000,000,000 we save almost $9,000,000,000. In that year we built 509,000 family dwelling units. Last year, our income reached the much higher level of $148,000,000,000 and our savings for that one year alone attained the unprecedented total of $33,000,000,000. However, because of wartime limitations on building materials we built in both public and private housing only 350,000 family units.

Obviously, with $100,000,000,000, together with additional billions that will be saved before labor and building materials are freely available, the American people will build the houses which they have been unable to build during the war and during the years of depression which preceded.

Accumulated savings were fourth on my list of favorable factors. My fifth is one that must have been in your minds at the outset. I refer to improved methods of thrift and home mortgage finance. In the past decade we have gone a long way from old procedures. Instead of serial, terminating and variety of special, almost unintelligible plans for the encouragement of thrift with their fees, fines and forfeitures, we have simple share accounts that everyone can understand. Instead of the old drop-share, cancel and endorse, sinking fund plans of loans, we have the simple, direct reduction plans which is easily understood and followed. We have improved methods of accounting, lowered rates of interest to borrowers, reduced dividends and developed more effective procedures for building up and protecting reserves. In the process of dealing with borrowers our experience in the past few years has taught us an important lesson, namely, that borrowers who are poor risks at high rates of interest and on short term repayment schedules become better risks when interest requirements and the amount and period of amortization are adjusted to the borrowers' capactiy to repay.

Not only have we made improvements in thrift and mortgage lending practices which equip us to deal more effectively with future needs, but we have, as a result of Federal and State legislation over the past decade, produced improved Federal and State machinery for the encouragement of thrift and home ownership so that both now enjoy a degree of protection and security hitherto unknown.

I need not trace here the history and development of the Federal Home Loan Bank System or the Federal Savings and Loan Insurance Corporation. You are intimately familiar with both — with their facilities, benefits and uses, as well as their great potentialities. No one of us, I am sure, is satisfied that these modern instruments are by any means as serviceable and truly effective as we can and must make them. Even today, however, they together constitute a bulwark which, in a very real sense, has revolutionized this business.

As a sixth factor I propose that we list improved housing techniques. These, if put to use, will enable us to produce better houses at lower cost. They hold the promise of new and improved achievements in building construction and of new comforts and personal convenience. They include better heating and plumbing, further reductions of waste in the use of building materials, more prefabrication and standardization of parts, better lighting and ventilation, more reliable air conditioning and refrigeration, a larger variety and greater efficiency of household appliances, and withal greater adaptation to family needs and community standards.

While our country has waged a war of vast proportions, we have found time to develop and test new techniques of home construction and maintenance which add materially to our resources and the prospect of better housing. Most of them are now ready for immediate use and an increasingly large supply, both in kind and quantity, will be available as rapidly as demand requires.

Seventh on the list is our new, or perhaps I should say our proven, capacity to produce. This capacity, supported by a large supply of labor which, after the victory of our armed forces will seek employment, confronts us not only as an opportunity but as a very acute responsibility. If, through neglect or lack of courage we fail to maintain our productive capacity, we may have to pay in penalty more than is required for efficient use. I doubt if anyone has adequately measured the cost to our country of our most recent depression. None of the figures I have seen take account of the spiritual and human costs, and few take into account the general capital costs. It is clear that the measurable costs exceeded $200 billion and if fully measured it is apparent the real figure would be $100 billion more. We must be prepared to make such use of our capacity to produce that we shall not slip backward but shall, instead, go forward to far higher standards.

Now these seven items which I have enumerated and briefly described as favorable factors in creating unusual opportunity are but a few of those we have as our current and immediate assets. You can name more, and more not only should be named but frequently emphasized lest the weak in heart lose zest and courage for the work ahead. For this occasion I am sure enough have been named to make clear that the stage is set for higher endeavor.

Opportunities of Home Financing

With these items in mind, let us examine a few specific opportunities that are before us. I shall deal only with three. First, financing, so far as practicable, new construction for the big market of lower income families; second, wisely extending credit for the protection of the home purchasing or home financing borrower; and third, taking a fuller part in neighborhood activities as a means of aiding in community develop-

(Continued on page 2265)

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*An Address made by Mr. Fahey before the United States Savings and Loan League, Chicago, Ill., Nov. 13, 1944.

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The Housing Industry's Post-War Job

By JOHN B. BLANDFORD, JR.*

Administrator, National Housing Agency

Asserting That There Is an Estimated Demand for 12,600,000 New Houses in the First Decade of Peace, Representing a New Investment of More Than $50 Billions, Mr. Blandford Stresses the Need for Broadening the Housing Market to Serve the Requirements of White Collar Workers and Wage Earners. The Extension of Mortgage Credit to These Classes Will Therefore Have a Broad Influence on the Housing Industry. Lending Institutions, He States, Can, With Federal Research Assistance, Foster Sound Construction, Good Planning and Neighborhood Development. Sees Government's Role as Supplementary to Private Enterprise in Planning and Providing Homes and Giving Aid Where Assistance Is Needed.

John B. Blandford Jr.

The housing industry,—the home financing industry and home construction industry—in all its branches, is on the threshold of one of the decisive eras in its long development. The industry faces a production challenge of unprecedented dimensions in the years after final victory. It faces a huge potential market built up from deferred construction during the war, from long delayed replacement of slums and other substandard housing, and from a sheer numerical deficiency in the supply of housing as compared with present and prospective family needs.

In the National Housing Agency we have recently estimated—and I think conservatively—that all these factors add up to a potential demand for 12,600,000 new houses in the first peacetime decade, assuming reasonably full employment throughout the economy. This would represent perhaps $50 to $60 billion of new housing investment, and would leave a sizable proportion of the job still to be done. But these are all potentials. The actions to be taken and the decisions to be made on the housing front during the next few years will determine whether or not these potentials will become reality, whether or not housing will be a leader in the drive for a full economy and a better America after the war.

In emphasizing the broad dimensions of the post-war housing challenge, I am not for one moment forgetting that we are still a nation at war and that our obligations to the war effort must have unquestioned priority on our energies and resources until we have won through to victory in Europe and the Pacific.

The housing industry, like all other basic industries, has been deep in this war effort. It has carried out a $6 billion war housing construction job, which has been indispensable to the manpower mobilization required to reach our present huge levels of war production. Performed under difficult conditions, this has been the war job of the builders, contractors and workers who produced the housing; of the public officials who planned it and where necessary managed it, and of the private lending institutions which financed two-thirds of the program, acting wherever the risks appear feasible for private investment.

This construction job is now substantially completed, although we all have the continuing obligation to see to it that our stock of war housing is used to the best interests of the war effort, and to meet any further needs for war housing as they may develop.

However, the main focus of new wartime housing construction is now shifting to building as much standard housing for general use in crowded areas as the materials and manpower supply permits. This will also help ease the inflationary pressure on prices of existing housing, and will permit a start on meeting the housing needs of returning veterans.

These objectives are all close to the war effort, but they are also closely tied in with the first steps toward post-war housing. We are getting nearer and nearer to the stage of concrete, large-scale action.

Post-War Housing Job

I would like to explore with you the broad outlines of the post-war housing job and present for your consideration some of the steps which we consider essential for an effective, concerted approach to that job. But before moving into these matters I think it would be profitable to take a fresh look at the housing industry itself, using that term in its broadest and most significant sense. Because many of us are preoccupied with the specialized problems of various parts of the industry, there is sometimes lacking a full perspective on its tremendous size and scope, on the complexity of its organization, and on the interrelationship and inter-action among all its parts.

What is the Housing Industry?

The housing industry is built around the production, financing, maintenance and replacement of the nation's supply of shelter, which exceeded 37,000,000 dwelling units at the last count in 1940. It involves the ownership and operation of almost 20,000,000 rental housing units of all types, of which over 16,000,000 are located in non-farm areas. It includes the maintenance and repair of our housing supply; expenditures for these purposes are estimated to have averaged over $700,000,000 a year during the past 15 years.

The financing of housing is one of the nation's major financial enterprises and one of the major outlets for the investment of savings. The currently outstanding mortgage debt of $24,000,000,000 on non-farm housing represents more than three-tenths of the total private debt in the United States. Next to food, housing takes the largest share of the consumer's dollar; expenditures for rent or its equivalent have averaged 15% of all consumer expenditures, while household operation has absorbed another 13%. The taxes paid by residential property are one of the principal financial supports of our municipal services; cities secure from 20 to 60% of their total revenues from taxes on housing.

The production of new housing is one of the nation's major industrial enterprises, even though it has never reached the level called for by full development of our housing potentials. In 1941, a total of 715,000 new housing units were built, less than three-fifths of what we consider to be an average yearly requirement for a full housing program after the war. But this output produced an estimated total of 1,900,000 jobs, both on and off the site. Its estimated construction cost of $2,850,000,000, excluding land, was more than one-fourth as great as all other consumer durable goods combined; it exceeded expenditures for new passenger automobiles in that large production year for the auto industry and was as large as the combined expenditures for household furniture, heating and cooking apparatus, refrigerators, washing machines, sewing machines, radios and phonographs.

The Complexity of the Housing Industry

So much for the magnitude of the housing industry. Let's look at the complexity of its organization. House building is probably the largest industrial field for American small business. In 1938, it was estimated that there were 75,000 builders in this country who produced one or more houses in that year; two-thirds of these produced only one house apiece but ac-

(Continued on page 2266)

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*An address made by Mr. Blandford before the United States Savings and Loan League, Chicago, Ill., Nov. 15, 1944.

Bodfish Favors Government Credit Aid in Rebuilding Slums

Executive Vice-President of the United States Savings and Loan League Holds That With Government Insurance of Loans, Private Capital Could Finance Slum Clearance at Less Cost Than by Use of Public Funds.

Use of Government insurance of credit in the place where there is a real social need, in the rebuilding of the slums, was suggested by Morton Bodfish, Executive Vice-President of the United States Savings and Loan League at the League's national conference at the Palmer House last week. He said that private capital might have a part in redeveloping slum areas with the aid of government guarantees which would be much less costly to the taxpayer than direct building with public funds.

Morton Bodfish

He said that in the next 10 years 2 or 3 billions of government money will probably be devoted to slum clearance in some way.

"The next five years are going to be years of more general business activity than we have ever seen in this country with the exception of the pressures of war time," he said. "This coming year the world is going to move back into a more nearly normal economy; with more civilian materials, more labor available to make possible a resumption of civilian home construction.

"The next 10 years are going to be known as the housing era, just as we had a railroad era, an automobile era, a good roads era, and various other ways by which the chief industry of a particular period has been designated. Furthermore the small homes that will be constructed and the existing small homes that will be bought will be acquired with a nominal down payment. I expect to see 80 to 90% of the small homes in the post-war period built and sold on a 10% down payment basis over a period of years. We should be able to devise some plan and arrangement with our strong reserve position to do this business and open up an area for home ownership that is not now being served."

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Compulsory Military Training in Peacetime for America?

(Continued from first page)

life and put him in the army to give him military training. Let's hope we do our job so well when we win the war that we can make ours a peaceful world without constantly preparing for war.

IRVIN L. STONE

Partner, Newburger & Hano, President of the Young Men's and Young Women's Hebrew Ass'n of Philadelphia

Irvin L. Stone

I am 300% in favor of compulsory military training in peacetime. It may be that I am entirely biased in my views by virtue of being Chairman of a Local Draft Board under Selective Service. However, as a result of my experience in selective service work during the past four years, I am absolutely convinced of the need for general military training in peace years.

CARLTON A. SHIVELY

Financial Editor, New York "Sun"

Carlton A. Shively

Compulsory military training for the United States should be opposed, I believe, for two main reasons: (1) It would not prevent war; (2) it would be of little use to us in winning a war.

Training of the youth of this country would not restrain a nation from attacking us, unless the service applied to perhaps five or six million young men for periods of one to two years. Such widespread military training would seriously upset our economic and social life and doubtless would be politically impossible to bring about. It is absurd to suppose that the only way, or even the best way, to secure peace for this country would be the maintenance of so large an army. Burdened with the debts of the last two wars, our citizens would not meet the tremendous expense involved, unless convinced that the safety of the land were at stake.

Not a Pressing Problem

Surely no one in the United States believes that, after the complete subjugation of Germany and Japan, this country will be in jeopardy for a good many years to come. Compulsory military training, assuming that we will, as we should do, retain a large army, navy and air force, fully equipped and trained, is not a pressing question. It is made to appear so merely because its advocates wish to take advantage of the country's present temper.

So far as now can be foreseen, if the nation's safety again should be threatened, the aggressors could come from only one group: Russia, Germany, Japan. It is silly to think of our needing any special defense against any other nation or group of nations.

A Russian war of aggression against the United States is improbable, so long as we are careful to avoid entanglements in what the Russians traditionally have regarded as their proper spheres of influence; namely, Eastern Europe; lands bordering on India, Persia and Turkey; the Balkans. We never have felt that we had any business to meddle in the politics of those portions of Europe and the Orient, and now only the most radical "internationalist" would have us do so.

Friendly relations with Russia and Great Britain should enable us to maintain peace in other parts of the world and at the same time to avoid placing our proper interests in dispute with Russia. It seems to me that if we have to fight Russia, during the next generation at least, the war will come within the next few years, as a result of settlements connected with the present war. In that case we already will have a huge trained force sufficient for our needs.

As for Germany and Japan, we are bound to keep in force compulsory training until both nations are helpless. After that, the task of keeping them impotent surely could be accomplished with no greater requirements in men and material than we could meet without compulsory training for young men for a year or so. Surely no one suggests disarmament for the United States right after the war. All, I believe, favor a large standing army, a powerful air force and a huge navy for many years thereafter. Surely those forces could be kept on a voluntary basis.

No Peace Guarantee

Compulsory military training of young men in rotation has not been a preventive of war in Europe, nor has it been particularly effective for waging war. In our time the aggressor always has planned war long in advance, and in so doing has gone much beyond any training system now proposed for us.

Even Russia, which to accept the Russian viewpoint, was merely preparing a defense against what its leaders deemed an inevitable conflict, devoted much of the past 20 years to intensive military preparations, equipped the world's largest standing army, and taught the remainder of the population to work rather than to fight.

When the present army is demobilized we will have sufficient trained men, assuming that we keep a large standing army also, as undoubtedly we will do, to meet any military situation that is likely to arise for the next several years. In any event, therefore, there is no need for rushing through a compulsory service act, under the hysteria of the present war.

Suppose that, say by 1948, we do have such a law. If war should break out that year or in two or three years thereafter, the training the classes of 1948-49 and 1950 would have had would be useful, but the training and physical upbuilding given young men in 1945-46-47 hardly would matter. Not only would the changes in military science render their training obsolete, but the good effects, if any, of the camp exercises would have disappeared.

From my talks with many persons on the subject I find a tendency for them to say: "Oh, well, it wouldn't prevent a war, of course, and it might not be much help in preparing us for one should it come, but the training would do the boys good."

Congress, hearing the same thing, is likely to pass a compulsory act, spurred by the President, on just such grounds. If so, another broad running jump into the area of State control and socialization of the individual will have been made. No one questions the need for subordination of the individual to the needs of the State in war time, but the transformation of the nation into that sort of thing in peacetime surely will do much to implant into our soil the concept of totalitarianism, the great breeder of war.

The idea that military training of a few months to a year, or even longer, will be good for young men is of doubtful soundness. If the youth intends to go to college he will thus have his career as a student interrupted in a manner that for many would mean permanent stoppage, just as the lure of good wages for a boy of 18 makes it difficult for him to see the advantages of further education. The boy who does not intend to study further at least will get a later start in life than otherwise would be the case, and he will have been thrown into an environment where, in spite of himself, he will be contaminated with the prevailing army notion that the smart boy is the one who can avoid unpleasant tasks.

Physical Training Aspect

If it is not possible for every boy to secure a year's physical exercise that the army might provide, the Government could better spend the money for that purpose alone to facilities to be used at the convenience of the boys than to force them to take it. Men now in uniform set no great example and moral uplift for those unfit for or otherwise exempt from service, nor could the army make a man out of a weakling. The strong don't need compulsory service, and the good effects, if any, on the weak would be transitory.

The examinations for the service have revealed shortcomings in the physical condition of our youth, but those defects were established before the age of military training as proposed. It were better, it seems to me, to do some missionary work in the homes and in the schools and churches long before the boys reach military age.

DR. CLYDE WILLIAM PHELPS

Head of Department of Economics, University of Chattanooga, Chattanooga, Tenn.

Dr. C. Wm. Phelps

The compulsory military training proposal is merely another grandiose New Deal scheme for accomplishing objectives which could be attained by simpler and more straightforward measures and without regimentation. I refer to admitted or claimed objectives.

Of course, there are other possible objectives as yet unadmitted, and which would undoubtedly be heatedly denied (the past 12 years have paraded before us a long séries of heated denials which were soon proved to be insincere).

For example, if it were desired to indoctrinate all the young men and women of America (i.e., all the coming generations of our citizens) upon attainment of age 18 with a good, thorough, one-year course in the proper and patriotic attitude toward New Dealism and whomever happens to be currently Commander-in-Chief of the Army and Navy and in the proper hatred and distrust of business men and investors, the scheme would be far more efficient than the more clumsy method of subsidization or Federalization of education.

I do not say that any one has so far admitted such a desire. I only say that, given such a desire, the scheme seems to possess advantages over alternative methods which we should frankly concede. Also, we should agree that it would be impossible for Congress to phrase the law so as to prevent an Administration from using the scheme for indoctrination purposes if it so desired.

BERKELEY WILLIAMS

Richmond 19, Va.

Berkeley Williams

Pious pacificists who oppose compulsory military training and that includes the Federal Council of Churches of Christ in America, who claim to represent 26,000,000 Protestants, and has declared we should not pass a law now for compulsory military training, will do well to take counsel with realities.

No. 1 reality is the attitude of the three world leaders—Churchill, Stalin and Roosevelt—towards war. Churchill has been declared to be "fascinated" by war. Apparently he has been so throughout his long and distinguished career, and skeptics have only to examine his military record from Khartoom to date, read his many books that are mainly on military subjects and draw their own conclusions. Next, there is no greater fanatic on the subject of military power than Field Marshal Stalin, and, finally, Roosevelt is never happier than when wrapped up in the cloak of Commander-in-Chief. All three are now engaged in a war to end all wars and preparing blueprints for an everlasting peace, but each of them has thrown his weight around before and no one knows when they will do it again. There are situations in Iran, China and the Balkans right now explosive enough to "let go" at any minute. Furthermore, history and human nature are against any "permanent peace." A recent letter in the New York "Times" said that in the past 3,000 years there has been a war in progress somewhere in the world in 12 out of every 13 years and there have been 8,000 peace treaties executed with an average life of 2½ years. Our salvation, therefore, lies in the maintenance of a huge armed force plus larger reserves, and how can they be secured without compulsory military training?

No. 2 reality is that as much as people have discussed the subject, no moral equivalent for war has been discovered. Young men still go for it in spite of the fact that when they get into it they agree with the doughboy in a foxhole who said, "This is a hell of a way to make a living."

Then there is No. 3. Enemy aliens with their European isms have marched in on us and already taken command of one political party. Every one should read "As We Go Marching," by John T. Flynn. "My only purpose," he says, "is to sound a warning against the dark road upon which we have set our feet as we go marching to the salvation of the world and along which every step we now take leads us farther and farther from the things we want and the things that we cherish."

A great deal more might be said on the subject, but what's the use?

Militarism as an economic institution may be had, but the lack of militarism is more than likely to be far worse—who will deny that if Great Britain, Russia and America had been prepared Hitler would never have gone marching or would have been stopped dead in his tracks?

U. S. SENATOR-ELECT LEVERETT SALTONSTALL

Governor, Commonwealth of Massachusetts

Gov. L. Saltonstall

The question of compulsory military training is just one phase of the vast problem of world peace and security. Of course, I hope and pray that the will and the machinery will be quickly developed to prevent the recurrence of another war. In the Senate I shall devote myself to that end.

Conditions throughout the earth will require that our nation be strong. What form this strength should take in military and naval terms can only be decided when the factors become more clarified and the recommendations of the military and naval authorities be placed before Congress. Until those and that of the Chief Executive are made, I do not wish to make a definite commitment that may lead to later misunderstandings.

MAX WINKLER

Bernard, Winkler & Co., New York City

Dr. Max Winkler

Regarding the question of compulsory military training in peacetime for America: **"Si vis pacem para bellum"** was valid 2,000 years ago when it was first enunciated, and it is equally valid today. Despite the numerous agencies which have been and are going to be created to preserve peace, there will always be those who will plan for war. Hitlers and Hirohitos will arise and menace mankind, and it is against these that America must be prepared because she will, in all likelihood, be the principal target of the Hitlers of the future.

It would therefore seem desirable, nay, necessary, to have at all times a large army, well trained, well equipped and ready to meet any emergency. Men who reach their 20th birthday and who are physically fit and in all other respects acceptable to serve in the armed forces of the country should be required to enlist for one to two years of active service. Those who are in the midst of their academic or professional training and who have been graduated from a college or educational institution of equal rank and standing should serve for a period of not exceeding one year. All others should be required to serve two years. Upon the expiration of this period the men should be placed in the Reserve and be subject to call. They should also be required to report for periodic maneuvers of from two to four weeks at least once a year.

The knowledge that this country would at all times be in a position to command a well-trained army (and navy) is bound to impress the aggressors of the future sufficiently to warrant the belief and hope that the ghastly spectacle of 1914-18 and of 1939 may be avoided.

FRANK CIST

Delray Beach, Fla.

"The Commercial and Financial Chronicle," in its issue of Oct. 26, asked for opinions on the proposal made Sept. 2 by Gen. George C. Marshall for universal post-war military training. Under present conditions I heartily urge as much post-war preparedness as we can reasonably afford.

Frank Cist

I would not so strongly favor preparedness if I thought the world could rely on a police force to protect it. The sensible thing then would be to cut down national armaments, just as we neglect individual arms in reliance on our local police. But we can place our entire reliance on police protection only as the police themselves can secure popular support for their policing, and such support for a world police force will, in my opinion, be forthcoming only if that force is unequivocably known to be devoted to the impartial enforcement of justice. Such spiritual foundation seems indispensable to the effective functioning of any permanent world peace organization.

Impartiality Discarded

Unfortunately, the Dumbarton Oaks Conference has already discarded impartiality. The "Big Three" or the "Big Four" have bound each other to gang up on any lesser power that ventures to start anything but have left their own hands fully free. Poland seems destined for partition. Messrs. Roosevelt, Churchill and Stalin seem spiritually more nearly akin to the "practical realism" of men like Lloyd George and Clemenceau than to the idealism of a man like Wilson. Accordingly, instead of security based on popular conviction that justice will be made to prevail, and on popular determination all over the world that it shall be made to prevail, this leadership seems to me to promise only a world where every nation must shift for itself, a world of strategic frontiers and alliances and power politics, a world where competitive arming is the order of the day and where security depends on a strong right arm, and a quick one, and preparedness.

The worst possible preparedness will be national bankruptcy. What can we afford? I believe that our national means are limited by our bond-absorbing and our taxing power, and that any attempt to spend beyond those limits will ultimately trip itself on inflationary price rises.

There is also the question of how we can get the most preparedness for the least money. The (London) "Economist" of last April 1 said: "The best insurance, of course, is ships, both fighting ships and carrying ships." It also advocated a storehouse of wartime raw materials and a nucleus of wartime factories kept in partial operation. As to ships, Secretary Forrestal, as quoted in the New York "Times" of Sept. 12, argued that transport of men and supplies had laid the foundation for General Eisenhower's successes and he appealed for extension of the training program to the Navy. He also made the excellent point, "that between the two World Wars the United Nations failed to spend enough money on scientific research for military purposes and that it could not afford to repeat that error." There will thus be a number of competing post-war military uses for our money besides the training of personnel.

There seems also to be a question of when this program is to take effect. The New York "Times" of Sept. 6 argues editorially that adoption is urgent. "Our soldiers already in the field are entitled to have positive assurance that new and younger men will be prepared to take their places in such post-war duties as the occupation of enemy countries and the maintenance of strategic outposts."

Lower Draft Age?

But why not get these "new and younger men" by simply lowering the draft age? The men taken would be the same under one program as under the other, they would be taken for the same period of training; but, if drafted, they would probably train under a greater sense of urgency, and if needed for emergency use they would be more instantly available. That program would also meet the objection of the Rev. C. F. Meyer in your issue of Oct. 26, that the men now in our army and navy should have an opportunity to vote on any measure designed to conscript their sons and daughters after the war.

Effective Date Uncertain

Furthermore, General Marshall himself, if I understand him, does not favor the inauguration of our permanent conscription program now. In his proposal, already referred to, which started this debate, he says: "The plans for a permanent peace establishment referred to in this circular relate to a later period, when the future world order can be envisaged." That seems common sense. We can then form a better idea of how much the war has cost, how much inflation we are likely to have to deal with, how much New Deal social services are going to cost, how much taxing power we have left, how much and what kind of equipment we still have on hand, how much and what kind we are likely to need most in the future, what kind of peace protection we are going to be able to depend on from whatever international organization is set up, and where our limited funds can be used to best advantage.

These at the moment are the ideas which occur to me on this important subject. I believe that emergency need of manpower can and should be taken care of by lowering the draft age; as to post-war planning, that we can see our way more clearly when the war is over; but that then, in default of a moral peace such as the world is going to be enthusiastic about and glad to fight to enforce, we had better set about preparing ourselves as fully as our means permit.

ROGER W. STRAUS

President, American Smelting and Refining Co., New York City

I am in favor of compulsory military training in peacetime for America.

Roger W. Straus

W. C. MacFARLANE

President and General Manager, Minneapolis-Moline Power Implement Co., Minneapolis 1, Minn.

Twice in my lifetime the United States of America has been caught unprepared and involved in the two largest wars known to history. It is about time we learn a lesson and are not lulled to sleep by pacifists who howl about war mongers and advocate brotherly love.

Our nation has done a wonderful job both in its manpower and in its industries—but had we been better prepared earlier so many human lives would not have had to be sacrificed.

W. C. MacFarlane

I think all youth, both boys and girls, should receive compulsory military training somewhere between the ages of say, 17 and 22, to be so worked out as to not interfere with receiving their higher education. In the case of the boys, it should be at least the equivalent of a year of intensive military training, and in the case of the girls it should be about three or four months, to fit them for such duties as WACs, WAVEs, SPARs, etc. In their case, this could be done in vacation time, something like the Girl Scout's camps, etc.

I think this training should be undertaken by the Government but not intermingled with the educational program of the schools and colleges. It should be synchronized so the youth of our country could get the kind of higher education they want and at the same time be fit for national emergencies.

I believe preparedness is the best way to keep out of trouble.

NORMAN THOMAS

Socialist Party Leader

In theory, the war was to conquer militarism along with the Germans and Japanese. Now it is proposed even before this war is over to copy in post-war America the military system which we have always reprobated in Europe.

Of course, the main argument is that such conscription is necessary to our national defense. I have done my best, unsuccessfully, to force such advocates of it as Congressman Wadsworth to tell us against which of our present Allies we must have it since our present enemies are to be permanently disarmed. They always avoid the question. Always they assume what no foreigners of any nation will admit, namely, that we Americans would only use conscription and its attendant armaments for the defense of our country and the right, while other nations are likely to use it for aggression. None of the advocates of post-war military conscription—except possibly Mrs. Roosevelt — tries to deny that of itself in modern warfare conscription is useless without the most up-to-date and powerful armaments.

Norman Thomas

France found that out in 1940. When General Marshall speaks of a small professional army plus this conscription he is using words in a very relative sense. Actually, the professional army, including the officer caste, the drill masters for the conscripts, and the indispensable technical experts, will be very large.

Not Peace Guarantee

The strongest pressure behind the demand for conscription is that by it and the permanent officer caste and the production of great armaments, unemployment will be relieved. This has been the historic role of militarism in Europe for the last hundred years. The result has been that men have never got their minds down to conquering poverty. Meanwhile, no nation by conscription has averted war or even guaranteed victory in war, and all nations by this device have helped to prepare the way for the coming of Facism and the totalitarian state. America will be no exception.

Indeed a well informed Army officer a short while back in a burst of candor admitted that the chief use of conscription was to discipline the people. Perhaps he had in mind the way the French Government used it to break strikes by calling the workers, who were in the reserve army, to the colors and then ordering them to do the work they had refused to do as civilians.

Danger From Abroad

For America to adopt post-war military conscription for all its ablebodied youth now, before this war is ended, is a confession that we have lost the peace, an invitation to the nations of the world to indulge in that rivalry of armies and armaments which eventually we shall lose since other virile nations entirely capable of copying our technology have greater populations and higher birthrates.

Conscription is inconsistent with true liberty and today invites the coming of totalitarianism. The notion that the best way to improve the national health is to train all ablebodied youth for war will not bear analysis.

WILLIAM A. ROBERTSON

The National Board of Fire Underwriters, New York City

I cannot sufficiently praise the splendid article by the Reverend Cyril F. Meyer against compulsory military training, appearing in your issue of October 26, 1944. It covers the subject completely, and there is no adequate reply that can be made. It is with much diffidence that I venture to add anything to what Father Meyer has said. I refrain from covering any of the points which he has asserted so forcibly, but would emphasize the following:

Wm. A. Robertson

(1) Such enforced military service is destructive of the best in American life. From earliest days, America's strength has come through the freedom of individual action, freedom of opportunity, freedom from burdensome taxation, and through love of home. It is a commonplace to say that the first settlers fled from the cramping and hateful restrictions of the Old World, both political, religious, economic and social. From the day when Captain Smith and his company landed at Jamestown, Va., America became to the people of the Old World an ideal of what life ought to be. Feudal privileges, feudal land tenure, compulsory military service, compulsory religious observances — these were things that weighed on humanity like mountains of lead. They were all to be found on the other side of the ocean, but in the New World they were mere names, or would soon become so. What a glorious relief! In England, a few great thinkers had dared to dream of such a new life; on the continent of Europe, still fewer had so dreamed.

A Compliment to Germany?

Are we now to turn our backs on all these, and adopt the teachings of Frederick the Great and Napoleon? Shall we admit that our past has proceeded on wrong principles, and that the cornerstone of American national life has been resting on a false bottom? Already things are bad enough; we have copied Germany and France quite enough, and more than enough. We have crushing taxes, meddlesome Governmental interference such as would have been worthy of Colbert in the time of Louis XIV, a huge list of Government employees and retainers; an unhealthy wish on the part of the Government to plan our lives for us; and a most suspicious desire to coddle us from the cradle to the grave. Are we to pay one more compliment to Germany by introducing enforced military service upon the growing boyhood and youth of our beloved land? Must every lad in his teens endure the exasperating discipline of a camp, with its ever-present tendency to coarseness, vulgarity and loose living? I have heard of one youth who was unfortunate enough to have such an unbearably coarse lot of camp associates that he was actually contemplating something desperate to rid himself of such conditions. His patriotism and sound judgment prevailed in the end, and he continued to endure the life forced upon him.

(2) Such a measure as enforced military service would mean a tremendous additional expense to taxpayers, just at a time when Governmental economy ought to cry out louder than ever in the past. Billions of dollars will have to be raised in the future, simply to pay the interest on the bonds of the Government.

(3) The plan calls for a terrific and shameful interruption in the studies and career of our youths, at a time in their lives when a year lost is of such infinite value that the damage can never be made up. A year taken from the life of a man in his 40's (harmful as it is) is less ruinous than when snatched from those glorious days of boyhood and youth which are unlike anything that comes afterward.

(4) While it may be true that for certain boys the discipline of the army is good, it is more than true, on the other hand, that thousands of boys are so unsettled and unhinged from the ordinary routine of life that they can never again anchor themselves to anything sober, quiet or useful. A life of adventure and irregularity is the only thing that can make any appeal. Moreover, military life often inculcates arbitrariness, callousness and harshness skirting close up to cruelty.

(5) While so large a part of the world is on the move toward socialism or communism, do not let us give one scintilla of encouragement in that direction. Let us look into "the perfect law of liberty," to which America has always been dedicated; and—to quote the words of James Russell Lowell—let us not "keep glancing aside into Europe's cracked glass."

Attractive Speculation

Sioux City Gas & Electric Company and its principal subsidiary, Iowa Public Service, offer reasonably safe but none-the-less attractive speculative invesment opportunities in anticipation of peace, according to a study of the situation prepared by Amott, Baker & Co., Inc., 150 Broadway, New York City. Copies of this interesting study may be had from the firm upon request.

The Post-War Price Problem —Inflation or Deflation?

(Continued from first page)

quate quantities, an inflationary situation may well develop. If, later on, we fail to raise the flow of consumers' expenditures greatly above pre-war levels, deflation will be inevitable. The danger of inflation in the transition period can surely be met. The danger of deflation presents a vastly more difficult problem. To solve it, will be the main challenge to our post-war economy.

Nobody can foretell how strong inflationary pressures will be during the transition from war to peace. Inflation pressures include the pent-up demand for consumers durable goods and housing; continued shortages of certain food and clothing items; the huge volume of liquid assets in the hands of the public; a potentially large foreign demand; finally, the people's desire to return to normal and to get rid of wartime controls once victory is won. The longer the war lasts, the greater the danger of inflation will be because of the cumulative increase in pent-up demand for civilian goods and in liquid assets in the hands of the public.

However, at the same time there will be deflationary pressures working in the opposite direction. There will be large reductions in war expenditures creating unemployment in war industries. Demobilized war veterans will be added to the civilian labor force. There will be large stock piles of many raw materials. Uncertainty about future employment will deter many people from drawing on their savings or spending as much as they otherwise would out of their current income. Similar uncertainty will delay business expenditures. Many other factors in the situation, as the war ends, will add to the mixture of inflationary and deflationary forces.

Because of the uncertainties of the transition period, price and fiscal controls should be kept intact until industry has resumed civilian production on a scale adequate to meet demand. Only thereby can the consumer be assured that he will not lose by postponing purchases and that the purchasing value of his savings will be protected. This is vital because of the huge volume of liquid savings accumulated in the hands of the public as a result of war financing. If these savings are used prematurely through fear of impending price increases, they would be a destructive inflationary force.

Unless the program for the transition period is carefully planned and carried out, the long-run economic problems of the country will be vastly more difficult to meet. Just as the difficulties of the 1930's were due to the failure of the policies of the 1920's, so will our post-war situation be determined largely by the job we do in the transition period.

For example, we may expand our industrial plant too greatly and in the wrong directions in an effort to satisfy too quickly the huge backlog of demands. These demands will include not only the large pent-up need for consumers, durable goods, capital goods and public works, but also for large foreign demands. Instead of meeting these demands at once, prudent policy calls for satisfying them in a more gradual and orderly manner so that when these accumulated forces are expended, there will not be a sharp and sudden drop with serious deflationary consequences. It is better to ration, control prices, restrain credit expansion, and delay deferable public works or foreign loans in this period than to have an unsustainable over-extension. It is most important during this transition period, while we have the sustaining power of backlog demands, to adopt policies designed to lay the groundwork for the higher standards of living we must have later on. These policies should include, among other things, a Social Security program covering all of our people and providing adequate benefits; a modified tax structure; maintenance of low rates of interest to encourage new investment, including housing; and the planning of Federal, State and local public works to be undertaken when the need to provide additional employment develops. It is at this time, when the backlog of deferred need has been largely met and we must rely upon current demand, that we shall face the most difficult test of our ability to prevent deflation and mass unemployment.

On the average this year about 52 million civilians are employed. In addition, more than 11 millions are in the armed forces, making a total of more than 63 millions, or nearly one-half of our total population. After the war, a substantial number of people attracted to the labor force during the war will retire or return to school or housework. A rich country such as ours can afford to give its young people adequate education and to provide retirement for its older people. But even after making full allowance for probable withdrawals from the labor force, it is evident that more people will be available for work in peacetime activities than are now employed.

What does this mean in terms of production in the post-war years? It has been conservatively estimated that in order to have reasonably full employment in the second year after victory, we will need to produce goods and services amounting to 170 billion dollars at 1943 prices. As the labor force and efficiency increase, this figure will have to be revised upward.

Yet, even a 170-billion-dollar total reflects a volume of output vastly above that of 1939. In order to visualize what 170 billion dollars of expenditures means, let's divide as follows: 110 billion dollars in consumers goods and services, 25 billion dollars in plant, equipment, housing and other new investments, and 35 billion dollars in goods and services supplied by Federal, State and local governments.

Allowing for price advances since 1939, these figures mean, for example, that as compared with 1939 we will need to have 40% more in consumers goods and services, nearly twice as much in plant, equipment, housing and other new investment, and double the total of public expenditures.

These are challenging figures. They are significant not because they are in any sense a forecast. They are significant because they indicate the general magnitude of the job that lies ahead of us. It is apparent that we must aim high; that we can never go back. If we were to return to 1939 levels of production, from 15 to 20 millions of our post-war labor force would be without jobs, an intolerable situation. Many of those without jobs would be veterans of this war.

We should be able to agree in substantial measure on a relatively simple statement of what our post-war economic problem will be once we are beyond the difficult period of reconversion and the backlog of needs accumulated during the war has been satisfied. The over-all economic problem may be defined in this way: In order for 56 million workers to have jobs, enough money must be spent to buy the output of 56 million workers. Production large enough to employ substantially all workers is possible only if the total income which is received is either spent on consumers goods and services or is saved and goes into new investment directly or indirectly. Savings which are invested are returned to the stream of expenditures and thus continue to give employment. Savings that are held idle or used to bid up prices of existing assets do not. If the flow of income back into the expenditure stream is interrupted, demand becomes insufficient to take off the market what is produced at full employment. As a result, production, income and employment inevitably decline. To assure a sufficient flow of expenditures is, first of all, the responsibility of the people and businesses who receive income and who decide how to use it. But there are millions of income recipients and millions of businesses in our country, and there is no assurance that a sufficient amount of expenditures will come forth in a steady stream. If the purchases and investments of the people are not sufficient to buy the goods and services provided by full employment, then cumulative deflation and unemployment will develop unless the Government steps in and provides a sufficient volume of total expenditures.

The larger the unused savings, the larger must Government expenditures be to overcome the deficiency in private spending and investment. The Government has two ways of channeling idle savings back into the income stream, that is, either through taxation or through borrowing. As between the two, I believe that taxation must carry the main burden. I would be most hesitant to see further additions to the public debt after the war. In this respect, the post-war picture will differ greatly from that in the early 1930's when the economy had undergone a drastic deflation and large Government deficits were not only unavoidable, but it was desirable to replenish a contracted money supply. An entirely different situation will exist after this war. Upon the termination of the war, the total volume of currency, bank deposits and Government securities, which are the equivalent of cash, will be far more than adequate as a basis for the purchasing power needed to provide full employment.

A more direct approach than deficit financing should be found in order to maintain necessary expenditures. Since we cannot afford, in the post-war economy, to have widespread unemployment, it will be essential, if all other methods of providing employment fail, to have the Government underwrite employment through borrowing the unspent savings of the people and returning them to the income stream. However, this should be a last recourse. A much more satisfactory approach would be to bring about the necessary increase in the flow of expenditures by other means, for example, by an extension of the Social Security program and by appropriate tax policies that would induce more spending and reduce idle savings.

A high level of consumers' expenditures is the basic requirement for post-war prosperity. The consumer is the real employer. If he receives adequate income, business has a buyer for its products, and having a buyer for its products, it has jobs for the workers. If the consumer does not buy, the markets for the output of business shrink and total income and employment fall off.

Much can be done to increase consumption through a much broader Social Security system. The Government should underwrite and guarantee a national minimum of income, education, health and old-age security for all citizens. By so doing, the Government can place a floor of purchasing power under the economy. This in turn will place a floor under the market for the goods and services of business, industry, and agriculture. Decent minimum levels of income will themselves help to achieve and maintain full employment. Our productive capacity is so great that such minimum standards will not be a strain nor will they impose a dead level of uniformity. Ample room will be left for most people to raise their incomes far above these minimum levels. Post-war social security benefits should not be based upon further additions to the payroll tax, but should be paid for out of the general budget, because a tax on payrolls is a tax on consumption and, therefore, undesirable when more consumption is needed.

The Federal budget is not likely to be less than 25 billion dollars a year after the war, or about three times the prewar level of 1939. If we succeed in maintaining full employment, however, a budget of this size, in order to be balanced, will not require tax rates to be three times as high as before the war because the income base will be far larger. The higher the national income, the easier it will be to pay for the costs of Government. It is doubly important, therefore, to recognize the close relationship between the way in which our taxes are collected and the flow of income from which they are drawn. Our post-war tax system should be designed to induce a high level of consumers' expenditures. Accordingly, the first requirement should be a drastic reduction in excise taxes because they tax consumption and thus undermine the markets for business. Secondly, personal income taxes upon the lower income group should be reduced by increasing exemptions.

There is no lack of need for everything that we can produce. There are still a great many people in this country whose standard of living is shamefully inadequate. The basic problem is to see that the necessary purchasing power flows into the hands of those who will use it to increase their standard of living. An adequate Social Security program as well as assured employment will do much to induce the spending of current income and thus increase the standard of living.

A high level of consumers' expenditures is not possible without a large volume of wage and salary income. If our economy is to operate at full capacity, average wage and salary incomes must be high enough at normal hours of work to give the people sufficient purchasing power to take the product off the market. Again the significance of this for the post-war adjustment is evident. When, after the war, hours return to normal and overtime pay is discontinued, total wage and salary income will decline sharply. If we are to avoid sharply declining prices and loss of markets which discourage production and business expansion, a gradual upward adjustment will be necessary in the wages and salaries of the great mass of comparatively lower paid workers.

Increases in productivity should be passed on to the public largely in the form of higher wages and salaries and should not be added to profits. In those industries in which productivity is increasing much faster than average, prices should be reduced in order to reach larger mass markets. Throughout, prices should be set on the basis of narrow margins per unit of output.

Once a high level of consumer expenditure is assured, the foundation for investment expenditures of business will be laid. Investment expenditures are made in anticipation of consumer demands and are not likely to be made unless business is assured in advance of an adequate market. We hear much about the reluctance of business men to take risks and engage in new ventures because of lack of confidence. However, business confidence is an effect and not a cause. It will exist if there are markets to look forward to; it will not exist if markets are lacking.

To assure adequate total purchasing power, it is necessary for business to disburse the funds which it receives from the buyers of its product. Corporate profits that are not used for capital expansion should be passed on to the workers or the owners, and thus returned to the expenditure stream. Depreciation and depletion reserves which accumulate as idle balances similarly constitute a drain on the expenditure stream. Currency, deposits and Government securities held by businesses other than banks and insurance companies have increased from about 24 billions in 1941 to the unprecedented total of 66 billion dollars. They should not continue to increase after the war because, as I have emphasized, business receipts must be respent currently to help sustain full production and employment.

There is much discussion today in favor of reducing corporate taxation after the war. To the extent that this reflects a recognition that taxes are an instrument of economic control, I welcome the discussion because I have long contended that fiscal policy is the most important single instrument through which the Government may influence economic conditions. I believe, however, that much of the current discussion is in the realm of wishful thinking because the revenue objective is set entirely too low. Also, I believe that removal of various excise taxes and a reduction of income taxes on the lower income groups should come first. Once this has been done and revenue needs permit, I would favor a reduction in the corporation income tax. The rate might be lowered to 25 or 30% and the corporation permitted to take out of its taxable income that part of its profits which it distributes as dividends. This would remove double taxation of dividends and be an inducement for corporations to distribute their earnings. Some provision could be made to allow small corporations to retain needed funds without tax penalty. The excess profits tax with its carry-over and carry-back provisions should be retained for some time after the war at a reduced rate of around 65%. High profits that will be earned in that period are traceable to backlog demands and are thus in the nature of war profits.

As a further encouragement to small business enterprise, provision should also be made for substantial tax benefits. This would stimulate investment in small and independent enterprises. It would be the most effective way to make equity capital available to them and be of far greater help than to provide too much easy credit. Encouragment of small enterprise is essential not only for economic reasons, but to vitalize our democratic institutions and help keep alive the spirit of American enterprise.

Our economic problems must be worked out at home. There has been, in recent discussion, too much reliance on the stimulus to our domestic prosperity which may result from world trade. International cooperation is essential and international agreements, such as those planned at Bretton Woods, are desirable. Yet, we must not forget that the level of post-war employment in the United States will depend primarily upon the existence of domestic markets for our products. Our first responsibility is full employment at home and achieving it is the most powerful contribution we can make to a prosperous world economy.

In the period ahead, we should keep constantly in mind that this is a 200-billion-dollar a year country. We all know by now that we cannot gain by fighting over shares of a small total output. In 1932 when many millions were unemployed, corporations as a whole lost nearly 3½ billions and net current income of farm operators amounted to less than 2 billions. In 1943 with full employment, corporations, after tax liabilities of about 15 billions, had net incomes of nearly 9 billion dollars, an all-time high. Similarly, net current income of farm operators amounted to more than 12 billions, likewise an all-time high. There is no profit in goods that are not produced. On the other hand, we all gain from a larger total output.

I have sought to outline the principal economic factors in prospect and the approach to the solution of our post-war problems which I believe promises the best hope of success. Such suggestions as I have made are, of course, only a part of a comprehensive long-run program for full employment. The objectives of such a program may be summed up as follows:

> To maintain full and stable national production, income and employment to the maximum possible extent through encouraging the expansion of private enterprise.
>
> To guarantee minimum standards of health, education, and personal security for all members of the community.
>
> To provide for a steadily rising standard of living for the Nation as a whole by development of our economic resources and by improving the efficiency with which they are used.
>
> To promote a high level of world prosperity and world trade in cooperation with other nations.

There will not be much disagreement today among thoughtful people, regardless of political faith, or economic background, on these goals of national economic policy. Modern governments, including our own, have long since assumed a primary responsibility for the economic guidance and progress of their peoples. A highly developed nation like our own, with demonstrated capacity for providing a standard of living for all of the people far higher than anything we have ever known, can well afford to provide a national minimum of income, education, health and old-age security for all of the population. It cannot afford to do less.

Such a guarantee is not the impractical dream of the social reformer. It is essential for our national economic security and for protection of what we call our free enterprise system. It will go far to protect our economy against slumps. It will stimulate mass consumption, widen the markets for private enterprise, and thus open the way for new investment. It is absolutely necessary for the preservation of this democracy and this economic system of ours. Only defeatists today in the face of the war record will say that the goals of full employment are impossible of attainment under our economic system and form of government.

Eleven millions of the youth of this Nation now serving in the armed forces are not likely to believe that we cannot afford in peace as in war to provide jobs for able and willing workers. They are well aware of all of the talk about post-war planning, and if they are impatient with it now because they think it shows an unawareness of all of the bitter fighting that remains to be done, they will be far less tolerant if, when they come home, they find the planning and the talk about free enterprise and full employment are only a mirage.

How many will never come home, how many will return maimed for life — we do not yet know. We do know that it is these 11 millions who are risking and losing everything to save this system of ours. We do know that the good intentions of a few years ago about taking the profit out of war look rather like a mockery today. We do know that these 11 millions have not shared in the veritable war boom which has enriched the homefront. They have given up home, jobs, businesses, and life itself. Those who have stayed at home, safe and protected, have been provided with a higher overall standard of living than the Nation has ever before enjoyed. They have accumulated the greatest volume of savings in our history. Farmers, workers, corporations, business men have on the whole higher salaries and wages, more profits, more savings and fewer debts than ever before. Most of this has come out of an expanding, already mountainous, national debt.

The stay-at-home — you and I — own the shares in that debt. We will get the interest and be paid the principal on that debt when we want it. The 11 millions—those who survive — will have to help shoulder that mountain of debt of which we stay-at-homes are the principal owners. They may be quite willing to do so if they have adequate jobs and economic security. You and I should have imagination enough to realize what would happen if we on the home-front, who have profited so much and risked so little — while they have risked so much and profited so little — if those who have the economic power or the political power in this country accept the defeatism still expressed by some to the effect that the country cannot afford the goal of full employment because the dictates of so-called "sound finance" stand in the way. I cannot imagine more unsound finance or a plainer proof that we do not at heart believe in our system or in our democracy.

Those who have overcome the most terrible of obstacles to win this war are not defeatists. If we at home fail them, they will rightly take command and throw the defeatists out of public and private places of power and responsibility — and I, for one, would be all for helping them to do it. It need not happen that way.

Post-War Role of Savings and Loan Associations

(Continued from page 2260)

ment and influencing higher standards of community service. Each of these must receive major attention if we are to meet the challenge of the times.

In the realm of new construction we must think more in terms of families of medium and low income. There can be no doubt that serious mistakes in home financing over the past were made because of our failure to produce a larger supply of moderately low-priced houses. Our sights were set so high that too many expensive house were produced and sold to large numbers who could not afford to own them. In a country that has produced and rewarded Henry Fords and F. W. Woolworths the building industry and our savings and loan institutions too, have failed to recognize the importance of concentrating on low income families and bidding for their business.

For such families new houses beginning at a price of $2,500 and running for the vast majority not over $6,000 with a median well under $5,000 is required.

That savings and loan associations have not wholly neglected the low cost field as the big market is evident by the size of its recent mortgage recordings. In 1939 these averaged $2,467. Although they have increased in size each year since then they averaged only $2,807 in 1943. New loans by all other types of lenders, except individuals were substantially higher.

These figures nevertheless help to emphasize the fact that our home financing institutions have a responsibility for restudying this vast market and for influencing the investments to be made in low priced homes.

New Responsibilities

This responsibility also extends to the management of credit as a protection to the individual borrower so that in each instance he is assured of value received for value given. In its passage of the Servicemen's Readjustment Act of 1944 (the so-called G. I. Bill of Rights) Congress expressed what we should all regard as a minimum obligation in our dealings with every borrower, namely:

1. "that the proceeds of (the) loans will be used for the payment of — property to be purchased or constructed . . .
2. "that the contemplated terms of payment required in any mortgage to be given in part payment of the purchase price or the construction cost bear a proper relation to the (investor's) present and anticipated income and expenses; and that the nature and condition of the property is such as to be suitable for dwelling purposes; and
3. "that the purchase price paid or to be paid by the (purchaser) for such property or the construction cost, including value of the unimproved lot, does not exceed the reasonable normal value thereof as determined by proper appraisal."

Now these requirements are not new. They have been similarly stated and have been observed by many of our savings and loan associations for many decades. However respect for them and observance of them by lending institutions generally have not been uniform. If they had been faithfully observed, there would have been little need for the Home Owners' Loan Corporation.

I refer to them as minimum requirements becaus they serve as a convenient starting point calling attention to other services that should be included in the catalogue of every conscientious, well-managed home financing institution. Among those that should be named as companion services are: (a) favorable lending terms and interest rates on long period direct reduction loans; (b) supervision of construction and inspection during construction on all new building, and careful inspection and report on old construction; (c) provision whenever desired for keeping records of insurance and taxes and arranging to collect for and make payments on the borrower's account; (d) periodic adjustments of interest in favor of borrower because of declining risks to be offset by increased payments of principal; (e) provision for loans and service charges on maintenance and repair to include, when desired, care of property and management services; and (f) periodic appraisal and report of neighborhood trends and values with special reference to the interest and security of home owners.

These items, supplemented by internal controls of credit and ratio of loans to appraised value will give both greater institutional security and personal security to savers and borrowers. They [illegible] service in top management of savings and loan associations for expansion in the years ahead. They will help to meet the challenges of opportunity to which I have referred.

But to them I would add the general requirement I spoke of earlier in connection with serving the mass market and the individual needs of borrowers. This requirement or responsibility aplies directly to management itself. It is the requirement which calls for taking fuller part in community affairs as a means of siding in community development.

Our business neither locally nor nationally can be limited to the custody of savings and their safe investment in home mortgages without some loss to our individual institutions. Our activity must extend to a variety of services in home planning, home ownership, home security and community welfare. Homes are elements in a community of many and complex interests involving human beings of diverse purposes and habits. In a progressing society not only are all called upon to live together agreeably without destroying the property values of the other but each is expected to take some responsibility for advancing the cultural, business and social interests of the community.

No manager of our savings and loan institution can consider himself a full-sized executive until he becomes an active contributing factor in the whole business that makes home ownership attractive and secure and that business today includes community service at least to the extent of being fully informed of current developments and their effects on property values and home ownership.

There should be no place in our business for the comfortable stodgy person who waits in his office for saver or borrower to come his way and leaves them to go theirs when the transaction is complete. The character of our human needs and the response already in the making will relegate such apathy to rapid extinction and only those will count who take the larger mantle of responsibility.

Momentarily the war has altered and restricted our services. Normal functions have been limited or given new direction, and we shall continue to discharge them until the war ends. When victory is achieved we must be ready for a larger role.

In my analysis of the challenge of impending opportunities I have not dealt with the details of our important and thriving business. I have not spoken of the prospective volume of G. I. loans which in their ultimate total may exceed the present volume of all outstanding home mortgages. I have not dealt with the stock and loans of the Bank System, of current suggestions for expanding them, or of the problems of economic adjustment and full employment, each of which are proper concerns of ours. These and similar problems and possibilities will inevitably occupy our attention for some time.

Post-War Goals

As long as we are at war you will continue, as a matter of course and of public necessity, to purchase and aid in the sale of Government bonds; you will continue to put your house in order for future business by increasing your assets, your earnings and your reserves, and by keeping down the ratio of your expense to income and maintaining your services to savers and borrowers.

I am confident that you and all of us associated in promoting and protecting thrift and home ownership are eager to see growth and to participate in achieving it. In this city in which Daniel H. Burnham worked and strove valiantly for architectural and structural progress let me remind you of his counsel. It was he who said, "Make no little plans. They have no magic to stir men's blood. Make big plans . . ." In the turbulent, titanic days of war we have become accustomed to planning in the large and executing in finished detail. With the opportunities that will be ours after this war, let us in our special field of endeavor make such use of our resources and opportunities as will prove that we are worthy of our generation.

Unless we are to suffer the pangs of disillusionment, we must set for ourselves clear goals of possible accomplishment, work together for their attainment, hold steadfast to the principles of proven worth and press forward to higher levels of economic and social progress. The final measure of our advance will not be our aspirations or any form of organization or machinery which we create to achieve them but the extent to which the common man and our neighbors are fundamentally enriched.

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

Interstate Aircraft & Eng. Appears Attractive

Intersate Aircraft & Eng. Co. offers an interesting situation according to a circular being distributed by Hirsch, Lilienthal & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other exchanges. Copies of this circular may be had from the firm upon request.

Situations Of Interest

F. H. Koller & Co., Inc., 111 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana Limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave., New York 1, N. Y.

Garrett Corp. Interesting

Fred W. Fairman & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange, who have a continued interest in Garrett Corp., have available for distribution the latest annual report. Copies of this material may be had from Fred W. Fairman & Co. upon request.

Sept. Rail Results

Vilas & Hickey, 49 Wall St., New York City, members of the New York Stock Exchange, are distributing an interesting memorandum of ICC comment on September rail results. Copies of this memorandum may be had upon request.

The Housing Industry's Post-War Job

(Continued from page 2261)

counted collectively for 19% of total construction. There were probably well over 20,000 full-time building organizations active in the housing industry before wartime curtailments set in. It is estimated that there are about 175,000 building subcontractors in the entire construction industry, most of whom handle housing contracts. The 1940 Census listed 142,754 real estate agents and proprietors, and 20,869 architects.

The housing industry in its broad sense also includes the wide range of industries and manufacturers producing the materials and equipment which are fabricated and assembled into completed houses. It includes the complex network of distributors, wholesalers, jobbers and retailers which get those materials and equipment into channels of housing production. It includes the workers and the labor organizations in the building trades and in the factories

It includes the wide variety of lenders who finance the construction and purchase of housing. There are over 6,000 savings and loan associations, with combined resources of about $7 billion, whose primary investment activity is home financing. There are the other basic depositories of the public's savings which invest part of their funds in housing: about 14,000 commercial banks with time deposits of over $21 billion, over 500 mutual savings banks with deposits of about $12½ billion and over 300 life insurance companies with combined resources of about $38 billion. There are thousands of individual investors who hold all told over one-fourth of the outstanding mortgage debt on non-farm housing. And, finally, there are the mortgage bankers who are part of the operating system for home financing.

To round out the picture, governmental functions also figure importantly in the housing industry. The majority of cities have building codes, zoning ordinances and subdivision controls. Several hundred cities have local housing authorities established to help meet the housing needs of families of low income. Many States have supplemented local housing controls by Statewide controls. And the Federal Government through its established programs of credit reserves for home financing institutions, mortgage insurance and assistance to municipalities for low-rent housing also performs an important supplementary function in the industry.

Housing Is One Big Industry

We are all members of an industry which is vast in scope and complex in organization. But the clearest indication that this is in fact one broad industry and not a series of unrelated industries comes from the chain of impact that action and policies in any one segment of the field can have throughout the entire housing industry.

If building material costs are too high, the entire market for new housing suffers: builders get less business, lenders get fewer investments, and labor gets fewer jobs. As we learned from bitter experience in the early 30's, unsound mortgage lending practices based on excessive interest rates, short-term mortgages and inflated appraisals bring in their train mass foreclosures, serious investment losses, prostrated markets for builders and the materials industry, and breadlines for building workers.

If builders produce jerry-built houses or badly planned neighborhoods, or overbuild one section of the market, the results are losses for home-owners, insecurity for investors, instability for adjacent housing values, and a further spread of the housing blight which is threatening the solvency of municipal finances. Unreasonable taxing policies by cities or outmoded, badly conceived building codes or zoning ordinances in cities can also work against the interests of the builder, the materials producer, the worker and the lender. The results of discordant or ineffective housing policies within the Federal Government can likewise spread throughout the industry. And let us not forget that the ultimate impact of all our policies is on the public which the housing industry must serve—the 130,000,000 American citizens who require shelter.

The Unity of the Housing Supply

This interdependence of all branches of the housing industry is in essence simply another expression of the fact that the industry is built around one single, over-all housing supply. I do not see how there can be any obscurity or confusion on this point. When we speak of the national supply of automobiles, for example, we do not break it into unrelated compartments composed of expensive limousines, Fords or Chevrolets, and used cars. We think of it rather as one aggregate supply, and we judge its adequacy by its condition and by how well it matches up with the needs and wants of the American public for modern individual transportation.

If this is true of automobiles, certainly it is true of housing, which is an indispensable requirement for every American family.

Because housing is a local product, fixed to one particular area and to one particular site, the basic measure of our housing supply is the community housing supply. But here again we are dealing with one broad entity, not with unrelated groups of housing. The housing supply of every community serves the housing needs of the entire community—either well, badly, or a mixture of both. It is not a static housing supply, either in quantity or quality. Looked at over any significant period of time, part of that supply is always deteriorating from depreciation and wear and tear; part is constantly disappearing from demolition and fires or other hazards; part is being constantly replenished by new construction.

The needs served by the community housing supply also are constantly changing. The time is long past, particularly in our cities, when any large proportion of the American people live out their lifetime in one dwelling. People's housing needs and their housing demands change in step with their changing family size; they change as developing job opportunities lead to migration between cities, or between cities and farms, or between the various regions of the country; they change in pace with the changing economic position of the individual American citizen.

It follows that the objective clearly should be to match up as closely as possible the changing housing supply in every community with the changing needs of that community's population. In purely business terms, this means that the supply of housing should be kept in balance with the demand. In broader terms, recognizing the profound public interest attached to the conditions under which Americans live and raise their families, this means that the supply and adequacy of housing should be in balance with the needs of all families. From any angle, it calls for a continuous flow of facts on the supply, on the market, and on housing needs, and for action predicated on those facts.

What conclusion can we draw from the essential unity of housing, on the one hand, and the manifold forces and interests that go to make up the housing industry, on the other hand? Certainly the answer is not centralized control over housing, either by industry, by finance or by government. Let's keep housing democratic and grassroots.

Against this background, I think it is appropriate on this occasion to discuss the role of the lending institution and the role of government in the over-all functioning of the housing industry.

The Responsibilities of Lending Institutions

Lending institutions occupy one of the decisive areas in the housing process. Most housing construction and most initial housing ownership, whether for investment or for occupancy, requires mortgage financing. The power to grant or withhold mortgage credit has therefore a broad influence on the entire operations of the housing industry. It can be used to support better planning, better values and broader development of the housing market. Or it can be used to reap an immediate profit at the risk of future losses or to resist progress in housing techniques and planning.

One of the most gratifying developments in the recent history of the housing industry has been the increasing recognition by lending institutions of the breadth of their responsibilities. This is an important trend, and it is even more important that it be continued and extended in the post-war years. For that reason it is worthwhile to identify just where the broad responsibilities of the lending institution lie.

The lender's primary responsibility, of course, is to the depositor, investor or policy-holder who supplies the funds for mortgage financing. A large and steady flow of savings and investment funds, based on full public confidence, is essential to the future operations of lending institutions and to the full operation of the housing industry. This responsibility calls for security of principle based on sound lending practices and for an adequate return commensurate with safety and with prevailing investment rates.

The lender has a responsibility to its borrowers, to see to it that the home for which they are obligating themselves is worth the price they are paying, to protect them against over-borrowing, and to assist them in orderly liquidation of their debt. Such service protects both the lender and the borrowers. It is due all homebuyers but especially the returning veterans who will undertake to buy their own homes under the provisions of the GI Bill of Rights.

The lender has a responsibility to the building industry. Lenders can help broaden and strengthen the market for both themselves and for builders by encouraging sound construction, good planning, and constantly improving values in new housing.

Lenders have a responsibility to the communities in which they make their loans. The stability of mortgage investments and the continued availability of healthy outlets for investment funds are closely bound up with community policies fostering sound construction and sound planning of subdivisions, neighborhoods and the community as a whole. Lending institutions are as deeply involved as cities themselves in the problem of spreading urban blight and the encroachment of slums. This problem, if left unsolved, is not only a threat to the solvency of city treasuries; it is no less a threat to the stability of mortgages on existing housing, which always represent the great bulk of outstanding mortgage investments. In this whole field of community housing policies, it is to the definite self-interest of lenders to extend their influence, support and encouragement in behalf of effective, well-planned and far-sighted community controls.

In all these matters, it is clear that the long-range interests of lenders are best served by policies that advance rather than retard the sound development and growth of the housing industry as a whole. This is another reflection of the mutuality of interest and the basic unity of interest which cuts across all minor, subsidiary issues in housing.

We need competition in mortgage lending — competition between individual institutions and between types of institutions. But that competition should be in terms of service and of responsible participation in an expanding housing industry—not competition for a monetary competitive advantage secured through unsound, shortsighted practices that will backfire on the entire industry in the long run. This is increasingly the point of view of responsible lending institutions, and it is a point of view which must be broadened and strengthened.

The Role of Government in Housing

What is the role of government in the housing industry? This question calls first for some basic definitions of the lines of responsibility in housing.

There is clearly a broad public interest attached to housing and the housing industry. There is a public interest, both locally and nationally, in the conditions under which the American people live and raise their families and in the adequacy of the housing supply as judged from the standpoint of the public welfare. There is a public interest in how well the product of the housing industry leads to sound well-planned neighborhoods and communities. There is an increasing public interest in a healthy and expanding housing industry that will play a full role in the drive for maximum employment and maximum production after the war. There is public interest in the soundness and solvency of mortgage investments, which absorb such a large proportion of the savings of the American people.

In expressing this public interest in housing, our legislative bodies in the cities, in the states and in the Federal Government have a primary obligation, it seems to me, of defining clearly and specifically just what the governmental housing policies are. Acting through our democratic processes, they should state clearly and specifically what the government proposes to do and what it does not propose to do in regard to housing controls and housing assistance. There should be no doubt, obscurity or confusion as to the government's role.

My own profound belief is that the government's housing role in our cities, in our states and in our Federal Government should be solely supplementary to the operations of private enterprise. I believe that government should step in only to the extent necessary to assist private enterprise in doing a fully adequate job, as measured by the housing needs of all the people. As between the housing responsibilities of local governments and the Federal Government, I believe that the primary initiative and the primary decisions must rest with the communities where housing is built and lived in. I believe the Federal role is exclusively to assist communities to do a truly effective job, where such assistance is needed and desired.

On the basis of these principles, I would like to present you with my views of the broad lines of governmental responsibility in housing:

1. **Local governments should modernize their housing tools.** This is an essential preparation for effective post-war development. Many building codes are obsolete and would act as a deadweight on post-war home building. They should be brought into balance with the best building practice and should not act as a barrier to new materials and new construction methods. Zoning ordinances and subdivision controls should be reexamined to make sure that they are in harmony with the city's over-all plans for future growth and will lead to well-balanced neighborhoods, with assurance of lasting values for home-owners and investors. Cities can also make a far-reaching contribution to housing progress by developing housing codes that call for the condemnation and elimination of substandard structures, for the proper maintenance and repair of existing houses, and for guidance in the development of new ones.

In all its housing operations, the Federal Government should support and cooperate with the efforts of communities to develop sound practice along these lines.

2. **Local communities and the Federal Government should assemble the facts required for effective housing action.** The lack of an adequate groundwork of factual knowledge on housing needs and the housing supply has hampered the housing industry's past operations. We need complete housing inventories and intelligent housing market analysis in our communities. The primary responsibility for this work rests with the local communities and the local housing industry. But the Federal Government can help them set up the machinery and techniques needed for continuing fact-finding and anlysis. It can act as clearing house for this type of information and can supply communities and industry with all the information on the national economic environment in which they are working to provide the basis for intelligent planning and intelligent business decisions. No big industry can operate with full effectiveness without knowing where it stands and where it is going.

3. **The Federal Government should contribute to the production of better housing at lower costs through a program of technical research.** Much valuable housing research is proceeding in private industry, in private research organizations and in universities. In no event should this be duplicated by Federal activities. However, because no private organizations cover the entire scope of the housing industry, there are gaps in the scope of private research activities. Here is where the Federal Government can make an important contribution —by stimulating full utilization of the technical resources of industry, by correlating technical advances and by filling in the gaps in research in the interests of raising the housing industry as a whole to the highest possible plane of technical progress.

4. **The Federal Government should encourage and support an effective system of home financing institutions.** The availability of adequate sources of financing offered at reasonable terms and on a basis of sound practice, is fundamental to a successful attack on national housing needs. Through educational efforts and appropriate supervision, the Federal Government should help build up a strong system of such institutions. It should support the operation of those institutions by making secondary credit available through regional banks. It should assure a steady flow of new savings into those institutions through sound systems of deposit and investment insurance.

The local home financing institution, operating on sound, progressive principles, is the foundation for all broad-scale efforts to meet housing needs and should be able to meet the large proportion of those needs.

5. **The Federal Government**

should assist the efforts of home financing institutions with a sound system of mortgage insurance. The broad objectives of such a system should be to encourage private capital to meet housing needs which it otherwise would be reluctant to finance on reasonable terms, to tap national sources of mortgage funds for local markets where required, and to provide support and reserve strength for home financing at times of unusual economic strains on the home financing market. The system should also operate always to stimulate and support good practice in home financing, in housing construction and design, and in site planning and subdivision planning.

6. **The Federal Government, working with industry, should search for means of producing good housing for white collar workers and wage earners not now adequately served.** There are millions of self-supporting families who want new houses but can't afford them at present or past prices or under existing financing arrangements. This is the big potential new housing market for private enterprise, representing a large untapped outlet for production, investments and jobs. It is also the big challenge in postwar housing, since it is doubtful that a construction rate of a million and a quarter houses a year could be sustained for very long without decisive broadening of the market served by private enterprise. Undoubtedly the search for the proper tools to reach this broader market must encompass technical progress, improved production methods, the economies made possible by large-scale operations, and possibly additional methods of properly controlled financial assistance.

7. **The Federal Government, working with state and local governments, should explore the need for financial assistance in local acquisition of land in blighted housing areas for private and public redevelopment.** In 1940, the estimated market price of slums and blighted housing areas urgently in need of replacement was around $12,000,000,000. This was clearly far in excess of the use value of those areas, which threaten the solvency of city treasuries and of neighboring investment values. There should be full study of ways and means of breaking the bottleneck of the high land costs which are now blocking the redevelopment of those areas.

8. **The Federal Government and local governments should perfect procedures for loans and grants for low-rent subsidized housing for families of very low income.** Local governments and the Federal Government, as representatives of all the people, cannot neglect in their housing functions the needs of any section of the people. Nor can the problems of the slums and of full development and full stability in the housing industry be wholly mastered without mastering the housing problems of families who can't pay more than slum rents for privately-owned quarters. In approaching this residual segment of the total housing need, its area should be clearly identified—not only below the present bottom limit for privately financed operations but also below any conceivable near-term extension of the private market that may be attained through improved production and financing methods, and lower costs. This area should be entirely non-competitive, and kept so. It should be approached on a basis of maximum local responsibility and maximum participation by private enterprise in the construction and financing of low-rent subsidized housing.

These are eight fields for governmental assistance in housing, as I see them. I think they illustrate that the best way that government—whether local, State or Federal—can serve the public interest in housing is by helping private enterprise and by supplementing it where necessary towards an over-all goal of decent housing for all American families. The participation of private enterprise is basic throughout the housing process; completely so in the great bulk of housing production but large and important also even in that residual segment of the total need which requires public assistance.

The Need for an Over-All Approach to Housing

We need a full and free contribution from all branches of the housing industry. But we need contributions based on recognition of the aggregate, over-all job we're tackling. We must all learn to think and act as members of one big industry, not as members of isolated segments of that industry. We need competition, initiative and enterprise in the housing industry. But let us exert those essential qualities in behalf of the over-all objectives and progress of the industry.

We need community action in housing, but we need it in the framework of the community conference table on which are laid the full facts on the total housing needs of the community population.

We need unity and integration in Federal housing policies and Federal housing functions in order to supplement effectively the primary housing responsibilities of communities and private enterprise without confusion or overlapping. While the specific activities of the Federal Government inevitably reflect the diversity of functions that exist within the housing industry itself, the industry has the right to expect unity, continuity and stability in the Federal Government's basic housing approach.

We will also need a higher standard of housing for the American people as a whole if we are to reach and sustain average housing production of a million and a quarter, houses a year. I have full confidence that this nation has the capacity for higher housing standards — in terms of our resources in materials and manpower and of the American standard of living as a whole. I have full confidence that American resourcefulness and ingenuity can master the technical and financial problems of full housing production.

The big remaining question is whether we can develop the teamwork, the leadership, and the housing statesmanship to carry through the whole job. I believe we have today the core of that leadership in every branch of the industry—among builders, lenders, materials producers, labor, technicians, real estate interests, communities and the Federal Government. This trend needs to be strengthened and broadened. Without in any way diminishing their contribution in their specialized fields, I hope the leaders of the housing industry will develop the capacity for working together on the broad housing front and reach for broad goals.

I have a hunch that if we set our goals high enough, unsound competition, narrow partisanship will disappear as each sector of the industry finds itself fully occupied with a challenging job.

Because the interest in housing is so profound, because the need for housing is so great, and because the potentials of the housing industry are so vast, I am confident that the industry's leadership will match up to the big challenge that lies ahead.

I pledge every effort to help the savings and loan industry play a proud and constructive role in this job.

Savings and Loan Institutions And Veterans' Loans

(Continued from page 2259)

port to our fighting men in the Pacific theater."

He made this suggestion against the background of the savings and loan associations' participation in the war financing to date, which his address had reviewed.

"The total bonds purchased by our associations now exceed $1,500,000,000, which figure is approaching 25% of total assets," he pointed out. "Bond investments have expanded more than ten times in the aggregate in the course of the first five war loan drives over our position when the Japanese made their sneak attack on Pearl Harbor. You are now preparing to do your utmost in the Sixth War Loan which begins on the 20th of this month."

The purpose of the Servicemen's Readjustment Act of 1944, Mr. Colmery told the Conference, is to give the veteran a chance to overcome the handicap which is his in proportion to the civilian population because of the years he spent in the service, and the law was not meant to be a complete charter of veterans' rights and benefits. He said that the bill had been criticized because it does not cover such fields as medical and surgical care, treatment and hospitalization of the wounded and disabled, and death compensation for the veteran and his dependents, but emphasized that existing laws cover those fields and they have been amended to cover those that served in World War II.

"It is not and was not intended to be a 'bonus' bill or legislation of that character, nor was it intended to take care of the indolent or gold-bricker. The contrast to be drawn is not between the lazy man and the self reliant man. It is between the person who has not gone into the armed services and the one who has. The former has increased his skill, his earnings, his savings, his security, his unemployment compensation credits, two, three, four, or five years. In contrast the veteran who has been in active service in these respects comes back to the same level from which he went. This bill does not propose to compensate him for that service. It proposes only to give him a chance to catch up. In a true sense we are not giving anything to the veteran. We are making a token payment on a debt we owe him.

"To those who mourn about the cost I suggest two things. First, if we can spend approximately $300 billion to teach our men and women to kill, why quibble over a billion or so to help them have the opportunity to earn economic independence and enjoy the fruits of freedom and the things for which they fought. And, second, should we not recognize that we can do no less for these youngsters who are the victims of an earlier day and that we, the people, must share the responsibility—people who did not have what it took to meet the issues of the hours, when year after year we failed to fight the battle of freedom because we were unwilling to take the risk which we have now sent them forth to assume for us.

"The veteran is a connoisseur of war, but an illiterate of peace. His reassimilation is the gravest social problem which confronts us. He can either make the country or break it; save democracy or scrap it: promote world order or World War III."

Charles M. Potter, who has been placed at the head of the Home Loan Section of the Veterans' Administration, reminded the conference that under the Servicemen's Readjustment Act the Federal guarantee of home loans is intended to apply only in cases where loans have the ordinary prospects of being sound credit transactions, and he stressed the extremely unstable effect on the economy which would result from improper handling of the loans or from the veterans becoming victims of high pressure selling campaigns.

Horace Russell of Chicago, general counsel of the United States Savings and Loan League, pointed out that the legal provisions make it clear that the veteran will owe the money he borrows until it is paid.

"The program is so set up that the veteran may acquire a home without immediate cash investment on his part," said Mr. Potter. "Insofar as possible the lending operations are to follow established sound mortgage practice. It is intended to encourage the making of only such loans as will stand up."

Mr. Russell emphasized that the program under the Servicemen's Readjustment Act is going to be the greatest home loan program the country has ever known, and that the operation will go on for at least five or six years, since the law provides that loans can be obtained up to two years after the peace treaty. He expressed belief that it will be extended even beyond this.

"The lending institution is to be the big brother to the veteran, counseling with him so that the transaction into which he enters is practical and the monthly payments are consistent with his income and expenses.

"All types of mortgage institutions, as I have observed them, are willing and anxious to lend their money to veterans at 4%, under the provisions of this Act," Mr. Russell said. "There are to be no penalties for pre-payment of the loan at any time in the course of the maximum 20 years which they may take to pay off."

As evincing its willingness and desire to cooperate in the execution of the purposes of the Veterans' Readjustment Act, the United States Savings and Loan League at the conference pledged by resolution that savings and loan associations would undertake to safeguard the veteran borrowers from abnormal prices for homes, unsound house construction, and uneconomical schedules of payments on homes.

Meeting of N. Y. Group Of Am. Stat. Ass'n

The Taxation and Price Division of the N. Y. Chapter of the American Statistical Association will hold a dinner meeting Tuesday, November 28 at the Hotel Sheraton at which Randolph Paul, of Lord, Day & Lord, formerly General Counsel of the United States Treasury, will speak. The subject of the meeting is "Post-War Taxation and Its Effects." Other speakers include G. Sidney Houston of St. Paul, member of the Advisory Committee of the group which prepared the Twin Cities tax plan; Rufus Tucker, economist of the General Motors Corporation; and Clinton Davidson of Management Planning, Inc. Alan H. Temple, Vice-President of The National City Bank, will preside. Helen Slade of the N. Y. Chapter of the American Statistical Association is in charge of arrangements.

The Survival of Small Business Is an Immediate Responsibility

(Continued from page 2243)

22, 1944) it was shown that on common stock issues floated by companies with assets of under a million dollars the Investment Bankers' Compensation was 20.9% of which the selling group got 10.1% of expected gross proceeds, we can understand the effect that a 5% spread yardstick would have upon the future market with respect to those same securities.

In a poll we conducted, a large number of those questioned were of the opinion that the result would be disastrous to small capital issues.

Both the New York Security Dealers Association and the Securities Dealers Committee petitioned the SEC for an order declaring the "5% spread philosophy" to be a rule.

Hearings on these petitions were held before the Commission in Philadelphia on June 13, 1944. All briefs were in by July 5, 1944, and the matter was then fully submitted for its decision.

Almost four and a half months have passed and still there is no decision on the simple question of whether this interpretation is a rule, and if it is, what the Commission ought to do about it.

While the Commission delays unreasonably in its plain duty to render an immediate decision, the future of small business and the small dealer in securities is in jeopardy.

All sound thinking dealers in securities, both large and small, realize that the existence of a competitive market is of the very life-blood of the business, that small dealer survival is essential to large dealer progress.

Whilst the "5% spread philosophy" takes no account of the profit motif, we believe it is aimed ultimately at the creation of a profit limitation rule entirely divorced from the war effort. If this is done, what starts with securities may, and will, pass on to other fields, and our Amreican system of free enterprise will be gone.

Congress now has a splendid opportunity to act as a bulwark of our way of life by pressing remedial action for the preservation of small business, an opportunity, the grasping of which will be well rewarded.

In the meantime, the people of our nation are watching.

Simplification of Corporate Taxes

(Continued from page 2243)

understood by every taxpayer so it would be unnecessary to hire a lawyer to find out what it means.

This desire for simplicity has yet to be fulfilled, but the desire has survived and grown. Today everyone wants tax simplification. Taxpayers want a system they can understand. Tax administrators want simple laws in order to ease their task. To their great credit tax practitioners—the men who make their livings or at least better living, because of tax complications — want simplification and have presented many constructive suggestions to that end.

The chorus of complaint over present complexities has risen to a crescendo. While much of the grumbling has served to let off steam generated by the tax burden itself, much of it is truly merited. For despite the complaints our tax system, generally speaking, has grown more rather than less complicated with the passing years.

Basically, most tax complexity derives from the necessity of applying an equitable form of taxation to a complicated situation in which many specific refinements are necessary to meet charges of unfairness. The fact that the income tax law of 1913 covered but 19 pages, while the Revenue Act of 1942 added 157 pages of amendments to already lengthy statutes applying to income and profits taxes, does not reflect sadism on the part of Congress. It indicates rather a prodigious effort to be fair. Many complications are unnecessary, to be sure, but others—most of them—are the price we pay for equity or to avoid undesirable economic consequences.

Concern with complexity has intensified in recent years because of the great increase in revenue required to finance the war. On the one hand, expanding revenue requirements have necessitated broadening the individual income tax base. In 1940, four million taxable individual income returns were filed; in the fiscal year 1944 the figure had grown to forty million. This tenfold increase has brought into contact with the income tax many persons who faced the new task of filling out returns with little experience or training in the concepts or computations required. They have demanded and they have received a simple income tax.

On the other hand, rates have been greatly increased and new taxes have been added. These factors have magnified hardships and intensified the search for loopholes. Both conditions have required complicating remedial provisions. Moreover, public determination to permit no excessive war profits gave rise to an excess profits tax. Such a tax is inevitably complicated and when the tax is imposed at high rates—as in the case of our wartime excess profits tax—careful and complicated adjustment is required to prevent serious hardships upon taxpayers and harm to our economic structure.

Simplification is a broad concept. It means different things to different people. For the great mass of taxpayers it means a return which is easy to fill out. Tax computations are often troublesome for people who are out of practice in arithmetic. Moreover, a multiplicity of income concepts, credits and deductions makes for confusion. Returns under a given law can often be simplified but, for the most part, the difficulty of the return stems from the policy laid down by the law.

Then, too, what some people look upon as difficulty with the return is often in fact difficulty with the accounting and recordkeeping which are necessary before the return can be prepared. In grappling with the problem of simplifying the individual income tax, the Treasury found that the recording and listing of deductions constituted the greatest complication for many, perhaps most, tax payers.

To other people simplification means simpler language in the law and regulations. Newspapers and magazines rely on quotations from the Internal Revenue Code to supply their publications with humorous "filler". Many of these quotations are highly amusing and I should be the last to deny anyone any amusement he can get from taxation. In truth, however, the kind of detailed provisions which the periodicals waggishly quote reduce rather than increase tax complications. They add precision and thereby reduce litigation.

Yet I am inclined to agree that in many instances the same exactness of statement could be achieved with easier understanding, if more words and less involved sentence structure were used. To use more words, however, would run counter to another meaning of simplification, namely, brevity. The idea is sometimes expressed that taxes are complicated because the statutes are too long; simplification, according to this view, would be achieved by drastic curtailment. An example of this emphasis on brevity is seen in a recent proposal to rewrite the Internal Revenue Code in 5,000 words. I shall have something to say on this point a little later.

Any broad view of tax simplification must distinguish between the complications which affect the many and those which affect the few. Many of the specialized technical provisions of the law which cause the loudest complaints apply to a limited number of taxpayers. Simplification of our corporate tax structure must take into account both those complexities which affect all corporate taxpayers and those which affect the relatively few.

Simplifying the Mechanics of the Structure

The relative importance of various simplification proposals is determined in part by the number of taxpayers involved and in part by the amount of benefit which would accrue to an affected taxpayer. How these proposals affect general public understanding of the tax system is an additional factor of significance. Corporate tax simplification involves state and local taxes as well as Federal taxes. I shall consider here only the Federal side.

Four major Federal taxes are levied upon corporations at the present time — the income tax (both normal tax and surtax), the capital-stock tax, its companion tax the declared-value excess-profits tax, and the true excess-profits tax. It is within this framework that we must approach the problem of corporate tax simplification.

The Excess-Profits Tax

Let us consider first the excess-profits tax. In the fiscal year 1944, 140,000 corporations filed excess-profits tax returns, on 70,000 of which taxable excess profits were shown.

No one will deny that the excess-profits tax is complex; in fact, the major complexities of corporation taxation at the present time can be laid at its door. Even if all the data needed to make a return were easily available, the mere computation of the tax is no small job. First, the choice of credit—average-earnings and invested-capital—introduces a complication into the law. Second, the mathematical computations are numerous and appear involved to many small taxpayers. Third, further complications are introduced by the host of relief adjustments which were insisted upon by one group of taxpayers or another for reasons of equity or incentive. You are all familiar with the formula for increased earnings in the last half of the base period, the 75% rule, the 80% limit, the carry-overs and carry-backs, Section 722, abnormal deductions in the base period and adnormal income in the current year, accelerated production of natural resources, installment sales and long-term contracts, the domestic corporation doing business abroad, capital-gains treatment for timber operations, and special treatment of bonus income for excess mining and timber output. The list is by no means exhausted. I merely want to point out that these special adjustments all make for complication and they have generally been inserted at taxpayers' urging.

Much could be said about simplification of the excess-profits tax. But postwar tax planners appear to be unanimous on one point. No plan thus far observed calls for retention of the wartime excess-profits tax in our permanent peacetime tax structure. It appears that simplification of the excess-profits tax will come by erasure rather than by erosion. Unless the basic provisions were to be modified or eliminated, the possible simplification is perhaps more superficial than real. Changes in the interest of simplicity at this stage would probably augment rather than reduce the total complications of a tax with a short life expectancy. Little would be gained from a discussion here of the particular features of the excess-profits tax which could be altered to reduce complexity.

The Capital-Stock and Declared-Value Excess Profits Tax

Next on the list of corporation taxes are the capital-stock tax and the declared-value excess-profits tax. Some 510,000 capital stock tax returns were filed during the fiscal year 1944; of this number 377,000 showed a tax. In addition, a separate computation for the declared-value excess-profits tax is required on the income tax return.

The capital-stock and declared-value excess-profits taxes are a prime example of the close relation between simplicity and certainty. If income could be forecost accurately, these taxes, although superfluous, would give rise to few complaints. They would represent roughly an additional levy on profits of ¼ of 1% for corporations with excess-profits, and of ¾ of 1% for corporations with no excess profits. Corporations with deficits would pay no tax. But profits commonly cannot be forecast accurately. These taxes are a capricious penalty on inability to forecast income. They impose the burden of preparing one additional return and, much more important, the torment of searching the crystal ball for figures that can be defended to boards of directors and stockholders.

If income could be accurately forecast, these taxes, although superfluous, probably would give rise to few complaints. Since the declared-value excess-profits tax is imposed on income in excess of 10% of the declared value of the capital stock, the total of the two taxes is minimized if capital stock is declared at a figure ten times expected income. To achieve this minimum consistently, calendar year corporations would have to be able to estimate in the middle of the year their exact income as of the end of the year. It is to the necessity for guessing and the difficulty of guessing accurately that the unpopularity of these taxes can be attributed.

These complications and difficulties would be more acceptable if the declared-value capital-stock and declared-value excess-profits taxes achieved a rational distribution of tax burdens. Actually, they have no relation to any accepted principle of tax distribution. They bear more heavily on small than on big business. They favor those firms with relatively stable earnings and penalize those with fluctuating income.

One of the arguments for a capital-stock tax is that corporations which use the services of the Government should pay taxes regardless of whether they are in the black or red. Since, as we have already seen, only three-fourths of the capital-stock tax returns are taxable returns, the capital-stock tax in its present form clearly fails to achieve this end. True, there are some payments by corporations with deficits. But these payments are from corporations which did not anticipate deficits. Had the deficits been anticipated, it would have been unnecessary to declare any substantial amount of capital-stock value and, accordingly, the capital-stock tax would have been nominal. In practice, the only deficit corporations which are really hit by the capital-stock tax are those which could not forecast the deficit.

Having once more lashed this oft-whipped horse, which somehow is still in the running, I suggest that the capital-stock and declared-value excess-profits taxes be simplified in the manner urged by the Treasury for some years and unanimously concurred in by business—namely, repeal. The Senate voted to repeal the capital-stock and declared-value excess-profits taxes in 1942. The conferees did not sustain the Senate action. But Congress might act differently when circumstances are such as to permit tax reduction rather than to require tax increases.

The Corporation Income Tax

The major taxes in the corporation tax structure remaining for discussion are the corporation normal and surtax. In the fiscal year 1944, 476,000 corporation income tax returns were filed. Of this number 264,000 were subject to income tax. Probably the most conspicuous complication on the present corporation income tax return is the number of concepts of net income employed: net income, adjusted net income, surtax net income, normal tax net income, and net income for declared-value excess-profits tax computation. In addition, there are capital gains, which stand in a category by themselves. These different concepts of net income result from the special tax treatment accorded partially tax-exempt securities, the 85% credit for dividends received, the special allowances for dividends on certain preferred stock of public utilities, and the declared-value excess-profits tax.

These five concepts of net income could be reduced to one if the declared-value excess-profits tax were repealed, if the contractual exemption from normal tax of partially exempt securities were given in the form of a tax credit, if dividends received by corporations were fully taxable or fully tax-exempt, and if the public-utility preferred dividend deduction were repealed. While all of these possibilities present issues broader than simplification, it is not unlikely that Congress in resolving those other issues may advance the cause of simplification in at least some cases. Thus, for example, the right of partial tax exemption has already been denied to Federal securities issued since March 1, 1941, so, except for a few special classes of securities such as shares in Federal Savings and Loan Associations, partially tax-exempt securities will all have been retired by 1965.

Even though the income concepts dealt with on the return could be reduced from five to one, many of the complications surrounding the computation of the tax would still remain. Elimination of graduated rates would help simplify tax computation for corporate taxpayers with incomes of under $25,000, comprising 86% of taxable returns in 1942, and for taxpayers with incomes between $25,000 and $50,000, comprising 5% of taxable returns in the same year. A flat rate tax on all taxable income would reduce the mechanical operations for the latter group of taxpayers from five to one. It is unlikely, however, that Congress would consider the removal of graduated rates solely from the viewpoint of simplification. It has long been a policy of Congress that small corporate enterprise should bear a lower-than-standard corporate tax load either through a specific exemption or through rate graduation. Most proposals for permanent post-war taxation have indicated a desire to retain graduated rates within the present limited range. Perhaps a method involving a single computation might be worked out using, for example, bracket rates.

Some people have gone so far as to recommend as a simplification measure the abolition of the 2% tax on consolidated returns. This is a case where simplicity would seem to be a minor consideration. In 1942 only about 900 corporations filed taxable and non-taxable consolidated returns. Since these corporations reported an average of $3 million net income, we may assume that making this additional computation did not appreciably add to the burden of making out their tax returns. Some of the 900 and others that do not file consolidated returns must, of course, consider the benefits of consolidated returns compared to the higher tax rate. But the decision to retain, repeal, or modify this tax will undoubtedly be decided on grounds other than simplification.

The tax on undue acumulations of surplus also contributes to the structural complexity of the tax law. To the corporate taxpayer the complication lies in deciding what investment and dividend policies to follow to avoid the tax. There can be no denying that Section 102 is very difficult to administer, since no definite general rules have been found as to what is and what is not an unreasonable accumulation of earnings. This is one of the so-called "penalty" taxes; yet its purpose is not to penalize, but rather to encourage corporations to adopt dividend policies that will result in a fair distribution of the tax burden. Some proposals for the post-war tax structure call for strengthening this tax; others would retain it as at present; few, if any, would repeal it.

From the preceding discussion it seems clear that a good deal of simplification of the present corporation tax structure could be accomplished by a few changes in the tax law, but that most of these changes involve policy issues far transcending simplification.

During recent months a number of proposals have been advanced which would modify the tax structure to give greater coordination of corporation and individual income taxes. How these proposals, if adopted, would affect tax simplification is a factor in testing their merits.

Perhaps the most far-reaching suggestion is that we should give up taxing corporations as such and treat them as we now do partnerships and proprietorships. No tax would be levied on the corporation, but the stockholder would include his allocable portion of corporate income in his individual income tax return. Whatever its merits on other grounds, this method of taxing corporate income would not be a step in the direction of tax simplification. Although by the partnership method we would escape many complications—for example, those arising from the taxation of undue accumulations of surplus—we would become involved in the enormously greater complexities of income allocation to individual shareholders.

Other suggestions for the coordination of individual and corporate levies do not go quite so far. Some would treat a flat-rate corporation tax as a source collection on dividends, ulimately to be credited against the personal taxes of the dividend recipients. Although total income would not need to be allocated currently as under the partnership method, such a system would present the additional complication of allocating to the individual shareholder the tax paid by the corporation. Other proposals would allow a credit for dividend payments at the corporation level. This method would not necessitate allocation of either taxes or income to individual shareholders, but it would raise some difficult problems related to the definition of distributed and retained earnings. It seems clear, therefore, that the net result of complete coordination of corporation and individual income taxes would be a tax structure more complicated than the present law would be after the streamlining that is possible.

Difference Between Simplification For Individuals and Corporations

Some people have reasoned that since individual income tax simplification was readily achieved, corporate tax simplification could be realized with equal ease and should be accomplished now. Certain things could be done, as we have seen. If we could reduce the corporation income tax structure to a single income concept and to a single tax rate, the task of filing a tax return would be simpler, especially for small corporations. But whereas the basic requirement of simplicity for most individual taxpayers could be met by simplifying the structure and the return, for the corporation complicated computations and returns are only a part of tax complexities. For many corporations, especially the larger ones, they are a very small part.

The difference between simplification of individual and corporation taxes can be seen from an examination of the changes made by the Individual Income Tax Act of 1944. This Act reduced the deduction problem—a major one because most individual taxpayers keep inadequate records—by permitting a presumptive deduction of 10% of income with a limit of $500. It simplified tax computation by reducing the number of taxes. It adopted a basic exemption of $500 per person and omitted the earned income credit[1] which had complicated the task of filling out the return. These changes made possible a simple tax table for use up to $5,000 of income.

However, relatively little was done to simplify the returns of taxpayers with large income or taxpayers reporting business income or capital gains and losses. These forms of income continue to be computed as they were before. Although they constitute minor components of individual income, they are the bulk of corporation income. Thus individual tax simplification accomplished least in the area from which corporation tax complexity largely stems, namely, from the problems surrounding the determination of business income.

Income Determination

Accountants need not be told that the determination of business income is a complicated process and will remain so, regardless of tax simplification measures. Differences of opinion on questions of accounting are boun to arise in many situations. They are not limited to the Government and a taxpayer. They are, of course, found among private accountants as well. They cannot be eliminated by statute, regulations, or court interpretation.

A basic accounting problem is determination of income year by year. Either the taxpayer or the Government (which in the end means the other taxpayers) may find itself discriminated against, if income is not properly apportioned among the years. You are well aware of the difficulties and weaknesses of allocation, which make it impossible to determine with assurance the income of a particular year.

The provisions in the tax law for allocating charges for depreciation, depletion, changing inventory value, determination of bad debts, and so on, were introduced for the purpose of achieving as correct an annual statement of income as possible. The importance of accuracy and with it to a great extent, the complications of applying these provisions would diminish, if we had a real averaging system which made the allocation of income and deductions to specific years less of a factor in determining tax liability. Of course, complete averaging, of itself, would involve substantial changes in the policy of taxation, and would considerably complicate the law.

The techniques for averaging income are not as simple as they might seem; in fact, no really satisfactory method has yet been found. The benefits of averaging are partially achieved at present through the carry-over and carry-back of losses. Carry-backs involve fairly serious complications. An extension of the carry-over of losses, however, would not seriously complicate the law, and would considerably reduce the importance of allocating certain items to particular years. Under fairly stable tax rates, a long carry-over period would achieve most of what could be achieved through complete averaging.

Complexity of the Law

Much corporate tax complexity arises from the attempt to spell out rules covering the taxability of a great variety of complex business transactions. For example, consider the law dealing with the determination of gain and loss from sale or other disposition of property. The general rule for these transactions is that every sale or exchange of property gives rise to a gain or loss which should be recognized for income tax purposes. However, in a great many transactions, such as the exchange of like property for like property, certain transfers or exchanges in connection with a reorganization, or transfers on liquidation of a subsidiary, the general rule is modified to disregard certain transactions otherwise affecting taxable income. The necessity of valuing certain property as of the date the income tax first went into effect—March 1, 1913—introduces further complications. Difficult problems are also posed by segregating dividends paid to shareholders into taxable and non-taxable categories. A long story could be made of various provisions of the law where similar complications appear, but time does not permit its telling.

Uncertainty of the Law

Perhaps the major cause of complaint, however, is not so much one of complexity as it is one of perplexity. A common complaint is that the operation of the law is uncertain in too many cases. Although uncertainties have long been present in the law, they have become particularly important in recent years because, with increased rates, taxes exercise a greater influence on general business decisions. Thus uncertainties with respect to a 10% tax liability do not seriously affect business decisions. But if tax rates are high, vagueness in the law will expand the area of uncertainty within which managerial decisions must be made.

The uncertainties of tax law arise largely because among the numerous possible transactions are some regarding which the tax law makes no specific provision. Taxpayers are not sure how such transactions will be treated. In some cases the law attempts to remedy the situation through specific language reducing the fringes of uncertainty surrounding the general rules. The regulations further attempt to reduce these areas of doubt in the taxpayer's mind. Both steps create more certainty, and therefore basically simplify the tax structure, although they also complicate the language of the law and regulations. But if the law and regulations fail to remove doubt, certainty can be reached only by one or a series of judicial decisions and opinions. I think you will agree that in practice this is getting certainty the hard way.

Attempts in the law or regulations to close up loopholes may also create uncertainty in the minds of those engaged in bona fide business transactions. Although some people believe that too much attention has been paid to tax loopholes, we must recognize that the willingness of taxpayers generally to comply with the tax law rests on their belief in its fairness and equity. Attempts to achieve a high degree of equity frequently have been misconstrued as attempts to reform or penalize business. For example, Section 102 may appear to be unduly harsh to the few corporations caught in its meshes, but without such a provision the great majority of taxpayers would have a legitimate grievance against a tax law which permitted a minority to take advantage of the corporate form of organization to avoid individual taxes.

The suggestion has been made in some quarters that the taxpayers' task would be simplified if the Government should accept the ordinary accounting definition of income as the definition for tax purposes. In considering this suggestion it must be borne in mind that income for tax purposes takes into consideration factors which would be inappropriate in defining income for certain other purposes. Policy considerations may dictate the exemption or partial taxation of some income. Moreover, the amount of income which a company makes during the year is not an invariable concept. The concept and, hence, the amount of income depends in part on the purpose for which the determination of income is being made. Time does not permit a lengthy discussion of the point, but it would appear that the requirements of taxation make it neither feasible nor desirable to use without change for tax purposes income as determined for ordinary accounting purposes.

Shortening the Internal Revenue Code

This brings me back to an idea I mentioned earlier, namely, that simplification would be advanced by drastically shortening the Internal Revenue Code. Let's consider the ramifications of any extreme economy of words.

I have not heard of anyone who either for monetary gain or amusement has counted the exact number of words in the Internal Revenue Code. A rough computation indicates that the figure is about 385,000 words.

The income and excess profits taxes use about 140,000 words. Section 22, which states what is included in and what excluded from gross income runs to about 5,000 words. Section 23, which provides deductions from gross income, consists of about 6,000 words. Section 112, which defines the recognition of gains and losses, and Section 113, which defines the adjusted basis for determining gain or loss, each cover nearly 4,000 words. More than 5,000 words are given over to special provisions for taxing insurance companies. In a sharply curtailed Code what would become of these sections? Would there be a place for a special income tax deduction for the blind, for unusual medical expenses, for a carry-over of net operating losses, for an installment basis of accounting, for tax-free reorganization or tax-free liquidation provisions, for five-year amortization of war-time facilities, for a foreign tax credit, for consolidated returns?

Estate and gift taxes use about 25,000 words in the present Code.

Miscellaneous internal revenue taxes use about 180,000 words, of which almost 60,000 are for liquor taxes alone.

The remaining 40,000 words are devoted to general administrative provisions, such as collection procedure, provisions for internal revenue collectors and the Tax Court, and other miscellaneous matters. Should the statutes of limitations, the release of tax liens or other provisions protecting the rights of taxpayers be scrapped for the sake of being laconic?

I do not want to labor the point. I think you will agree that while something called an Internal Revenue Code could be written in a radically abridged style, it clearly would have to be couched in very general language indeed.

If taxes are to be fair and reasonable, there must be many fine adjustments to the multitude of highly varied and complicated situations in which different taxpayers find themselves. If the statute were brief and therefore general, who would make these fine adjustments? Presumably the Commissioner of Internal Revenue acting under broad discretionary powers. Now permission to use discretion in applying specific rules is a helpful and time-saving devices, but a grant of authority not only to apply rules but also to determine what the rules shall be is carrying discretion very far. And that is the situation in which tax administrative authorities would find themselves, if they were forced to act under a vague, general directive. I do not think American taxpayers want that and I do know that the tax administrative authorities would be strongly opposed to having such mighty discretion and the power over taxpayers that would go with it.

It might be urged that another possibility of applying a short code would be to direct tax practitioners, for example accountants, to draw up income tax returns in such a manner as fairly to reflect income. If accountants were to determine for tax purposes what is income in each of the numerous and varied situations which they constantly meet, they would either act without provision for uniformity, which would be intolerable and produce instant and profound chaos, or they would act uniformly under a system of policing by the accounting profession or the Government or both. But such a method would solve nothing and reduce no complexity. It would merely shift the complexity, and I think it is an understatement to say that no one would be satisfied with the results.

The superficial appeal of brevity does not stand up under scrutiny. Simplification does not lie in that direction.

Conclusion

Simplification of the corporate tax structure is one of the objectives of the studies of post-war taxation now going on in Washington. The Treasury Department some time ago began an examination of the problems of Federal tax revision in the transition and post-war years. Last June the Congressional Joint Committee on Internal Revenue Taxation, consisting of ranking members of the House Committee on Ways and Means and the Senate Finance Committee from both parties, asked its staff and the Treasury staff to work together on a study of post-war taxation and report to the Joint Committee. This study has been in progress since that time and we hope that preliminary reports can be made to the Joint Committee soon. At the present stage less attention is being given to technical matters than to the basic structure of the system. We recently had the pleasure of hearing from a committee of this association as well as from numerous other organizations and persons.

In the past few weeks an advisory group of accountants and lawyers has been formed to assist the Treasury staff in preparing suggestions for technical modifications of the law. Not all of the technical problems under consideration involve simplification but probably most of them do. This work is highly technical and too much should not be expected too soon.

But it should be understood that the technical problems are not the hardest problems of tax simplification. The really hard problem is that almost every simplifying change adversely affects someone's interest and will be resisted.

Meantime, groups of taxpayers continue to press Congress for special provisions to ease real or allegedly excessive burdens in the tax structure. A large proportion of the technical complications of the law have stemmed from efforts of these groups in the past. As long as pressures for changes of this sort persist, we can hope for little more progress toward simplification than two steps forward for every one we slip back. Indeed, there is the possibility that our progress in this field may be in reverse, and that for every step forward we may go two steps back.

The next few years promise to be an auspicious time to promote simplification in the corporate tax structure. As revenue requirements recede, it will be possible to make some tax reductions. The task of reducing the number of taxes and eliminating provisions which cause major difficulties will be easier after the war when reductions are being made than during the war when revenue requirements are so high.

Tax simplification is a laudable goal for tax policy when it is placed in its proper perspective among other objectives. Gains from simplification must always be balanced against any resulting sacrifices of equity or of desirable economic effects. As accountants, you are familiar with the difficulties encountered under present tax laws. You also know that simplicity is a derivative problem—one that cannot be discussed in isolation. You are well aware that problems of tax policy, of eliminating hardships, and of plugging up loopholes are responsible for many of the complexities in our tax laws. Your sense of values does not permit you to place simplicity above everything else.

More than perhaps any other group faced with handling the tax law and applying it to the individual taxpayer, you are in a position to know what simplification is feasible and possible. Many of your recommendations have been helpful in the past. We in the Treasury, along with other groups interested in post-war tax revision, are relying upon you to help resolve the complexities in our Federal corporate tax structure.

Utilities Brochure

Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange, have issued a brochure on Midland Utilities Co.'s plan of reorganization, recently approved by the SEC. Copies may be had from the firm upon request.

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[1] Repeal of the earned income credit took place in the Revenue Act of 1943, but did not affect any tax returns prior to passage of the Individual Income Tax Act of 1944.

DIVIDEND NOTICES

acf

AMERICAN CAR AND FOUNDRY COMPANY

30 CHURCH STREET NEW YORK 8, N. Y.

There has been declared, out of the earnings of the fiscal year now current, a dividend of one and three-quarters per cent (1¾%) on the preferred capital stock of this Company, payable December 21, 1944 to the holders of record of said stock at the close of business November 30, 1944.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *Chairman*
HOWARD C. WICK, *Secretary*

November 16, 1944

ANACONDA COPPER MINING CO.
25 Broadway
New York 4, N. Y., November 22, 1944.
DIVIDEND NO. 146

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of One Dollar ($1.00) per share upon its Capital Stock of the par value of $50. per share, payable December 20, 1944, to holders of such shares of record at the close of business at 3 o'clock P. M., on December 5, 1944.

JAS. DICKSON, Secretary & Treasurer.

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York 17, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable December 15, 1944, to stockholders of record at the close of business on December 1, 1944. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, *Secretary.*

KANSAS CITY POWER & LIGHT COMPANY
First Preferred, Series B. Dividend No. 72.
Kansas City, Missouri. November 15, 1944.

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B", Stock of the Kansas City Power & Light Company has been declared payable January 1, 1945, to stockholders of record at the close of business December 14, 1944.

All persons holding stock of the company are requested to transfer on or before December 14, 1944, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, Assistant Secretary.

KENNECOTT COPPER CORPORATION
120 Broadway, New York 5, N. Y.
November 17, 1944.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of seventy-five cents (75c) a share have today been declared by Kennecott Copper Corporation, payable on December 22, 1944 to stockholders of record at the close of business on November 29, 1944.

A. S. CHEROUNY, Secretary.

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)

The board of directors of Northern States Power Company (Wisconsin), at a meeting held on November 15, 1944, declared a dividend of one and one-quarter per cent (1¼%) per share on the Preferred Stock of the Company, payable by check December 1, 1944, to stockholders of record as of the close of business November 20, 1944, for the quarter ending November 30, 1944.

N. H. BUCKSTAFF, *Treasurer.*

SOUTHERN PACIFIC COMPANY
DIVIDEND NO. 108

A QUARTERLY DIVIDEND of Seventy-five Cents ($.75) per share on the Common Stock of this Company has been declared payable at the Treasurer's Office, No. 165 Broadway, New York 6, N. Y., on Tuesday, December 19, 1944, to stockholders of record at three o'clock P. M. on Monday, November 27, 1944. The stock transfer books will not be closed for the payment of this dividend.

J. A. SIMPSON, Treasurer.
New York, N. Y., November 16, 1944.

DIVIDEND NOTICE

Dividend of 25c a share and an extra dividend of 25c a share on the Common Stock have been declared, both payable December 20, 1944, to stockholders of record on December 9, 1944.

M. F. BALCOM, Treasurer.

SYLVANIA ELECTRIC PRODUCTS INC.
Salem, Massachusetts Nov. 21, 1944

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share and an additional dividend of 25 cents per share on the Company's capital stock, payable December 15, 1944, to stockholders of record at the close of business November 27, 1944.

H. F. J KNOBLOCH, *Treasurer*

The Western Union Telegraph Co.
DIVIDEND NO. 271

A dividend of 50 cents a share on the Class A stock of this company has been declared, payable December 15, 1944, to stockholders of record at the close of business on November 24, 1944.

G. K. HUNTINGTON, Treasurer.
November 14, 1944.

Bayuk Cigars Inc.

The Board of Directors of Bayuk Cigars Incorporated at a meeting held today has declared a dividend of 37½¢ per share on the Common stock of the Company, payable December 15, 1944 to stockholders of record November 30, 1944, and an extra dividend of 50¢ per share on the Common stock of the Company, payable December 15, 1944 to stockholders of record November 30, 1944.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
November 17, 1944

MAKERS OF PHILLIES

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a final dividend on the common tock of the Company for the fiscal year nded October 31, 1944, of fifty-five cents 55c) per share, payable December 15, 1944, to tockholders of record on November 27, 1944. t the same time, the Directors declared a uarterly dividend of sixty-five cents (65c) er share on the common stock payable January 5, 1945, to all holders of record at the close f business on December 20, 1944.

SANFORD B. WHITE
Secretary

Johns-Manville Corporation
DIVIDEND

The Board of Directors declared a dividend of $1.25 per share on the Common Stock payable December 8, 1944, to holders of record November 25 1944.

ROGER HACKNEY, *Treasurer*

TENNESSEE CORPORATION

A dividend of 25¢ per share has been declared, payable December 15, 1944, to stockholders of record at the close of business November 27, 1944.

61 Broadway,
New York 6, N. Y.
November 14, 1944.

J. B. McGEE
Treasurer.

THE YALE & TOWNE MFG. CO.

On November 21, 1944, a special dividend No. 219 of forty cents (40c) per share was declared by the Board of Directors out of past arnings, payable December 18, 1944, to stockholders of record at the close of business December 4, 1944.

F. DUNNING, Secretary.

THE YALE & TOWNE MFG. CO.

On November 21, 1944, a dividend No. 220 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable January 2, 1945, to stockholders of record at the close of business December 4, 1944.

F. DUNNING, Secretary.

Roswell Magill Advocates Changed Tax Structure

(Continued from page 2242)

would seem wiser to use the tax system primarily for the purpose of raising revenue, and to accomplish other desired results through legislation framed for the specific purposes."

He recommended repeal of the excess profits tax immediately after the war, saying its continuance would hobble business expansion because it operates to discourage young and growing enterprise. In this connection, as an assurance to business, he suggested the possibility of the advance adoption of such a repealer, effective at some designated future date.

Mr. Magill also recommended the elimination of the present double tax on corporate dividends, which he said encourages the issuance of bonds and debentures, and discourages equity financing. An era of business expansion, he pointed out, requires that stock financing be made at least as practicable as bond financing.

As a solution to this problem, he suggested that corporate incomes be subjected only to normal tax at a rate as close as possible to the individual rate, and that dividends received by individuals be exempt from the normal personal tax, but subject to surtaxes which would vary with the stockholder's individual income. Under such a plan, he pointed out, stock issues would be encouraged and corporate income would continue to bear a fair share of the tax burden, but the total tax would completely accord with capacity to pay.

Warning that revenue needs will be high in comparison with pre-war days, Mr. Magill said that it nevertheless should be possible to reduce tax rates if Federal expenditures are restricted to essentials. He suggested that the corporate rate might be reduced from 40% to 30% during a transition period, and later lowered to 25%. The individual rate, he said, might be lowered from 23% to 20%. He recommended that surtaxes be reduced to encourage the accumulation and use of venture capital in the post-war period.

"It would also be simpler," he said, "and quite as equitable, to raise the income tax exemption somewhat, and to collect a general sales tax at 5%, rather than retain the present meager exemptions. Moreover, the sales tax would bring a needed element of stability to the revenue system."

"There is much need," he stated, "for greater simplicity and fairness in the tax structure, and more efficient administration of the law. Moreover," he continued, "the tax structure should be stable, so that a business man and a citizen can depend with some certainty, year after year, on this major item of his costs. . . . We have so fully experimented with opposing theories of taxation in the last 20 years that we should certainly be able now to select and adopt with some assurance not only a settled tax policy, but even a set of tax provisions to express it, designed to remain in effect at least a decade. . . . Business expansion would surely be greatly aided by stability and certainty in fiscal affairs. There is no apparent reason why such a simple assurance could not be provided by Congress and the Treasury."

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BEVERLY HILLS, CALIF. — **Floyd K. Sullivan** has become connected with **Atlas Securities, Inc.,** 9494 Wilshire Boulevard. Mr. Sullivan was formerly with Nelson Douglass & Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Winslow L. Webber** is now with **Schirmer, Atherton & Co.,** 50 Congress St.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Bruno Coppola** has been added to the staff of **Trusteed Funds, Inc.,** 33 State Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **George E. Wright** has become associated with **Dempsey & Co.,** 135 South La Salle Street. Mr. Wright was previously with Link, Gorman & Co., Inc., and Thompson Ross Securities Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Leroy L. Hoyt** has become associated with **Quail & Co.,** Davenport Bank Building, Davenport, Iowa. Mr. Hoyt has recently been with the State of Illinois Auditor's Office. In the past he was with Paine, Webber & Co. and Priester, Quail & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**John D. Fox, Walter Fruehling** and **Henry K. Orman** have joined the staff of **H. R. Baker & Co.,** Bank of America Building. Mr. Orman was previously with Bankamerica Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Dave Greenberg** is with **G. Brashears & Co.,** 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Herbert A. May** has been added to the staff of **E. F. Hutton & Co.,** 623 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Alice C. Watts** is connected with **Maxwell, Marshall & Co.,** 647 South Spring Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**John J. Ford** has become affiliated with **H. R. Baker & Co.,** Russ Building. Mr. Ford was formerly with Greenwood-Raggio & Co.

The Business Man's Bookshelf

Fifty Years of Remedial Lending—The Provident Loan Society of New York, 346 Fourth Avenue, New York 10, N. Y.—Board.

International Conciliation for November 1944—Section I: Universities Committee on Post-War International Problems. Section II: Dumbarton Oaks Agreements —Carnegie Endowment for International Peace, 405 West 117th Street, New York 27, N. Y.—Paper—5¢.

Attractive Situation

Mortgage bonds of Chicago North Shore & Milwaukee offer interesting possibilities, according to a report prepared by Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this report may be obtained from Reynolds & Co. upon request.

Battle Fleet Is Goal Of Investment Dealers In 6th War Bond Drive

A new $600,000,000 battle fleet for the United States Navy has been adopted by investment bankers, brokers and securities dealers affiliated with the Banking and Investment Division of the War Finance Committee, as their goal in the Sixth War Loan, it is announced by Richard M. Newell, Dillon, Read & Co., Chairman of the Group Committee.

Posters displaying the 40-ship fleet will be placed in the office of every affiliated firm on which will be marked the firm's progress in achieving its quota. A twenty foot reproduction of the poster has been erected on the Sub-Treasury Building steps where it was unveiled at a rally celebrating the opening of the drive on November 22.

"The financing of a complete fleet to be built around two battleships, four carriers and four cruisers," said Mr. Newell, "should be a spur to every one of our participating firms in the Sixth War Loan. This gives them something definite to shoot at that can be visualized much better than a figure following a dollar sign.

"A quota has been fixed for each of the firms and weekly reports will be made showing the percentage of quota achieved in the drive, both in number of sales and dollar amounts."

The Dealers and Brokers Committee which is directing "Launch the Wall Street Fleet" drive includes W. Manning Barr, Barr Brothers & Co., Inc., John A. Coleman, Chairman, Board of Governors, New York Stock Exchange, Richard de La Chapelle, Shields & Company, Wickliffe Shreve, Lehman Brothers, Frank M. Stanton, The First Boston Corporation and Walter W. Wilson, Morgan Stanley & Co.

Securities dealers and brokers are members of the fifteen commercial bank teams and participation in the competition among these fifteen teams will be directed by the following Managers who will serve under various Bank Team Executive Officers: Francis A. Cannon, The First Boston Corporation, Orlando S. Brewer, Phelps, Fenn & Co., W. W. Woods, Merrill Lynch, Pierce, Fenner & Beane, David L. Skinner, Harriman, Ripley & Co., Inc., Walter F. Blaine, Goldman, Sachs & Co., Herbert F. Boynton, F. S. Moseley & Co., Schuyler Van Vechten, Lee Higginson Corporation, T. Henry Boyd, Blyth & Co., Inc., Richard L. Kennedy, Jr., Harris, Upham & Co., John F. Power, Eastman, Dillon & Co., Bertram F. Brummer, Salomon Bros. & Hutzler, Harold H. Cook, Spencer Trask & Co., J. Emerson Thors, Kuhn, Loeb & Co., J. C. Ransom, White, Weld & Co., Edward E. Anderson, Discount Corporation of New York, William M. Rex, Clark, Dodge & Co. and William R. Rovensky, Hornblower & Weeks.

Attractive Possibilities

Crompton & Knowles Loom Works common and Foremost Dairies common offer attractive possibilities, according to memoranda issued by Buckley Brothers, 1529 Walnut St., Philadelphia, Pa., members of the New York Stock Exchange and other national exchanges. Copies of these memoranda may be had from Buckley Brothers on request.

Calendar Of New Security Flotations

OFFERINGS

ADMIRAL CORP. has filed a registration statement for 216,000 shares of capital stock, par $1. Of the total 150,000 shares are being sold by the company and 66,000 shares by certain stockholders. Proceeds to company will be used for additional working capital. Filed Oct. 30, 1944. Details in "Chronicle," Nov. 2, 1944.

Offered Nov. 17 at $7.75 per share by Dempsey & Co., Ames, Emerich & Co., Inc., Courts & Co., Doyle, O'Connor & Co., Inc., First Securities Co. of Chicago, Sills, Minton & Co., Inc., and F. S. Yantis & Co., Inc.

FEDERAL MACHINE & WELDER CO. has filed a registration statement for $2,000,000 15-year 5% sinking fund debentures due Sept. 1, 1959. Proceeds for working capital. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

Offered Nov. 16 at 100 and interest by Central Republic Co. (Inc.), Peltason, Tenenbaum & Co., E. W. Clucas & Co. and Paine, Webber, Jackson & Curtis.

GENERAL TIME INSTRUMENTS CORP. has filed a registration statement for 38,380 shares of 4¼% cumulative preferred stock (par $100). Corporation in offering to holders of outstanding 38,380 shares of 6% preferred stock the right to exchange such shares on basis of one share of 6% preferred for one share of new 4¼% preferred, plus $7, together with a cash dividend adjustment on the 6% preferred to date fixed for exchange. If all the 6% stock is not exchanged the corporation will retire as of Jan. 1, 1945, or as soon thereafter as possible between 4,000 and 5,000 shares of the unexchanged 6% preferred with funds it has available. Shares of new preferred not issued in exchange will be sold to underwriters and proceeds with other funds of the company used to retire balance of outstanding 6% preferred stock at the redemption price of $110 per share. Underwriters are Kidder, Peabody & Co., W. E. Hutton & Co., Lee Higginson Corp., Stone & Webster and Blodget, Inc., Glore, Forgan & Co., and Hornblower & Weeks. Filed Oct. 17, 1944. Details in "Chronicle," Oct. 24, 1944.

An aggregate of 35,898 shares of 4¼% preferred stock was issued in exchange for the 6% preferred stock. None of the 4½% preferred stock was sold to underwriters and the corporation de-registered the 2,482 shares of 4½% preferred stock not issued in accordance with the exchange offer.

JESSOP STEEL CO. has filed a registration statement for $1,000,000 first mortgage 5% sinking fund bonds due Nov. 1, 1954. Proceeds will be used for general corporate purposes. Filed Oct. 24, 1944. Details in "Chronicle," Nov. 2, 1944.

Offered Nov. 17 at 100 and interest by Paul H. Davis & Co., Dempsey & Co., A. C. Allyn & Co., Inc., Ames, Emerich & Co., Kalman & Co., Inc., Sidlo, Simons, Roberts & Co., and Glover & MacGregor, Inc.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

WEDNESDAY, NOV. 29

CAPITAL TRANSIT CO. has filed a registration statement for $12,500,000 first and refunding mortgage bonds, series A, 4% due Dec. 1, 1964. The net proceeds from the sale of the bonds and from a $2,500,000 bank loan with treasury cash will be used for refunding purposes and to make payments on account of equipment purchases, etc. Bonds are to be offered for sale at competitive bidding. Filed Nov. 10, 1944. Details in "Chronicle," Nov. 16, 1944.

MOORE WINDSOR CORP. has filed a registration statement for 100,000 shares of 12½ cent cumulative dividend and participating preferred stock, par $1 per share. The net proceeds of approximately $200,000 will be used for working capital and expansion of the company's business. W. H. Cobb & Co., Inc., New York, is named principal underwriter. Offering price to the public $2.50 per share. Filed Nov. 10, 1944. Details in "Chronicle," Nov. 16, 1944.

THURSDAY, DEC. 7

GENERAL AMERICAN INVESTORS CO., INC., has filed a registration statement for 491,000 shares of common stock, without par value.

Address—44 Wall Street, New York City.

Business—Investment company.

Underwriting—None named.

Offering—The shares of common stock registered are to be issued by the company upon exercise of outstanding common stock purchase warrants, which expire on Oct. 15, 1953. Such warrants are exercisable as to 91,000 shares at $10 per share, 100,000 shares at $12.50 per share, 100,000 shares at $15 per share, 100,000 shares at $17.50 per share and 100,000 shares at $20 per share. The maximum proceeds to the company will be $7,410,000 if all outstanding warrants are exercised. The company says it is advised that shares issued upon exercise of the warrants, may be sold by the holders on the New York Stock Exchange at market prices prevailing from time to time on the Exchange.

Registration Statement No. 2-5533. Form S-4. (11-18-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AERONCA AIRCRAFT CORP. has filed a registration statement for 75,000 shares of 55-cent cumulative convertible preferred stock (par $1), and 33,600 shares of common (par $1). Of the common stock to be offered, 25,000 shares are for account of the company and 8,600 shares for the account of a stockholder. Proceeds will be used to increase company's working capital. The 8,600 shares being sold by a stockholder are owned by Carl I. Friedlander who will receive the proceeds. F. Eberstadt & Co., New York, is principal underwriter. Filed Oct. 21, 1944. Details in "Chronicle," Oct. 26, 1944.

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund notes, due 1954. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. To be offered mainly to people in the Alva, Okla., community who are interested in construction of the grain elevator. Filed Aug. 8, 1944.

COASTAL TERMINALS, INC. has filed a registration statement for 25,000 shares of common stock (par $10). Proceeds will be used for the acquisition of land, equipment and for working capital. Price to public $10 per share. Not underwritten. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

CURLEE CLOTHING CO. has filed a registration statement for 52,290 shares of class A common and 22,410 shares of class B common. The shares are issued and outstanding and do not represent new financing by the company. Stifel, Nicolaus & Co., Inc., St. Louis, is named principal underwriter. Filed Oct. 27, 1944. Details in "Chronicle," Nov. 2, 1944.

THE EUGENE FREEMAN CO. has filed a registration statement for $300,000 trade acceptances. Proceeds will be applied to organization expenses, acquisition of motor trucks, real estate, buildings, machinery, etc. Filed Sept. 13, 1944. Details in "Chronicle." Sept. 21, 1944.

Registration statement withdrawn Nov. 15, 1944.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows: Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450,000 first mortgage convertible bonds. Underwriter is P. W. Brooks & Co., Inc., New York Proceeds will be applied to the reduction of bank loans. Price range 101 for 1945 maturities to 99.5 for 1960-64 maturities. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

HARRIS MANUFACTURING CO. has filed a registration statement for 60,000 shares of 7% cumulative convertible class A stock (par $5) and 120,000 shares of class B (par $2) reserved for conversion. The 7% cumulative convertible class A stock will be offered at $5 per share. Proceeds will be used for working capital. Nelson Douglass & Co. heads the list of underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 19, 1944.

LINCOLN PARK INDUSTRIES, INC., has filed a registration statement for $250,000 6% ten-year debentures maturing Nov. 1, 1954. Debentures to be offered directly by the company at par and interest. Not underwritten. Proceeds for additional working capital. Filed Sept. 27, 1944. Details in "Chronicle," Oct. 5, 1944.

MAJESTIC RADIO & TELEVISION CORP. has filed a registration statement for 297,500 shares of common stock (par one cent). Of the total 200,000 shares will be sold by the company, 95,000 shares will be issued to stockholders upon exercise of options and 2,500 shares will be sold by another stockholder. Proceeds from sale by Majestic will be used not in excess of $170,000 for the purpose of calling at $10 per share all of the outstanding 26,016 shares (no par) preferred stock. Holders of more than 9,000 shares of preferred, including British Type Investors, Inc., and Empire American Securities Corp. have stated that such stock will be converted into common stock and not presented for redemption, and company's statement said it is probable that other holders of preferred will take similar action. Balance will be used to record, manufacture and sell phonographic records and working capital. Proceeds to Majestic on sale of the 95,000 shares upon exercise of options amounting to $112,499 will be added to working capital. Kobbe, Gearhart & Co., Inc. is principal underwriter. Filed Oct. 12, 1944. Details in "Chronicle," Oct. 19, 1944.

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share; proceeds to company $100. Proceds will be used for construction of distillery, $250,000; working capital, $250,000. No underwriter named. Filed Aug. 14, 1944. Details in "Chronicle," Aug. 24, 1944.

S AND W FINE FOODS, INC. has filed a registration statement for 75,000 shares of common stock (par $10). Proceeds for working capital which may be used for plant improvements and office and warehouse expansion. Blyth & Co., Inc. are underwriters. Price to public $16 per share. Filed Sept. 28, 1944.

TIDE WATER POWER CO. has filed a registration statement for $4,500,000 first mortgage bonds 3½% series due Nov. 1, 1974, and 10,000 shares of 5% preferred stock, par $100. Bonds and preferred stock are to be offered for sale at competitive bidding. Net proceeds estimated to be approximately $5,605,000, together with such cash from the company's general funds as may be required, will be used to redeem $6,065,500 first mortgage 5% series A bonds due Feb. 1, 1979. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

UNIVERSAL CAMERA CORP. has filed a registration statement for 50,000 shares of 80-cent cumulative dividend preferred stock, par $5 per share. As to 25,000 shares being offered the public the offering price is $10 per share, and as to 25,000 shares being offered New York Merchandise Co., Inc., the price is $8.75 per share. In each case proceeds to company after underwriting discounts will be $8.50 per share before expenses. Proceeds will be used for general corporate purposes. Floyd D. Cerf Co., Chicago is named underwriter. Filed Oct. 24, 1944. Details in "Chronicle," Nov. 2, 1944.

VERTIENTES-CAMAGUEY SUGAR CO OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs registered, 443,850 are outstanding and owned by the National City Bank, N. Y Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

WESTERN UNION TELEGRAPH CO. has filed a registration statement for $24,603,000 convertible debentures and an indeterminate number of shares of class A stock to be available for conversion. Subscription warrants will be issued to present holders of company's class A and class B stock entitling them to purchase $100 principal amount of the new debentures for each 5 shares of class A stock or each 8⅓ shares of class B stock held on a record date to be supplied by amendment. Proceeds plus whatever general funds are necessary will be applied to the redemption on Dec. 1, 1944 of $25,000,000 25-year 5% bonds at 105% plus accrued interest Names of underwriters and interest rate to be supplied by amendments. Filed Aug. 18, 1944. Details in "Chronicle," Aug. 24

The directors Sept. 5 voted to direct the officers to formulate plans to invite competitive bids for the new bond issue.

Due to a decision of the N. Y. Public Service Commission that it has jurisdiction over the proposed issue, the company has decided to defer the issue temporarily.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 2248)

more than the next man. Nor, for that matter do I care to hold on indefinitely with stocks looking like they're going into the red, particularly if I've already seen them in the black. If at some later time other indications appear I'm willing to re-enter the long side, if the long term picture hasn't changed. It looks as if that were the situation today.

* * *

Stocks have bent over. But in bending over they seem to have stopped just short of a point where a serious break has been averted. Whether or not this condition is only a temporary one it is too early to tell. We will have to see another few days of market action before any definite conclusions can be made.

* * *

During last week's break the market has accomplished a number of things. It has pointed to the stocks which possess better than average market strength and it has also highlighted other stocks which don't show much get up and go. Oddly enough the latter are among the ones which have recently reported the best earnings. And conversely among the former there are a number which don't show up particularly well when earnings and dividends are considered. There is no point in mentioning specific stocks as I have no intentions of recommending new buys or repeating advice to sell at this time. I prefer to see how certain stocks act for at least another week before I become specific.

* * *

On the news front there are a number of events that have important market significance. The Kilgore report is one; the International Business Conference meeting in Rye is another. Both have considerable market implications which are bound to affect industry for years to come. Up to this writing the market hasn't weighed the news from either source. One reason may be that it hasn't made up its mind what the decisions will be. The other is that no actual decision has been made. Both bodies, the Senate committee, and the delegates at Rye, have made certain suggestions and recommendations and nobody knows if these will be carried out, or in what manner, if at all.

Meanwhile it is wise to hold your money liquid to see which way the cat will jump. I'll admit that at this writing the odds are strongly in favor of a renewal of strength. Yet a few more days of waiting and watching isn't going to hurt. It might even help. There's nothing so sickening as to step in and go long of stocks just as they're ready to hit the skids.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Philadelphia Banks Form Credit Group

Twenty Philadelphia banks have formed the Bank Credit Group of Philadelphia, according to announcement today by Evan Randolph, President of The Philadelphia National Bank, and Chairman of the organization committee. The Philadelphia group will set up a fund of $10,000,000 to provide an additional source of credit for small and medium-sized businesses in the reconversion and post-war periods. The group will lend every possible financial assistance to businessmen during the days when enterprises must be reconverted from a wartime to a peacetime basis. Mr Randolph said. Officials of the banks which are members of the group will serve jointly on a loan committee which will consider the merits of each loan application and every effort will be made to provide ways and means to facilitate loans.

Members of the Bank Credit Group of Philadelphia, which will serve the entire Third Federal Reserve District, are: The Philadelphia National Bank; The Pennsylvania Company for Insurances on Lives and Granting Annuities; Corn Exchange National Bank and Trust Company; Girard Trust Company; The First National Bank; Fidelity-Philadelphia Trust Co.; Central-Penn Nat'l. Bank; Tradesmens National Bank & Trust Co.; Land Title Bank & Trust Co.; Market Street National Bank of Philadelphia; Ninth Bank & Trust Co.; Germantown Trust Company; National Bank of Germantown & Trust Co.; Kensington National Bank; Liberty Title & Trust Co.; Real Estate Trust Company; City National Bank; Second National Bank; Erie National Bank, and Broad Street Trust Co.

The plans for the formation of the bank credit fund were referred to in our issue of Oct. 19, page 1691.

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Security Traders Association of N. Y. to Hold Election Meeting December 1st

The annual meeting of the Security Traders Association of New York will be held on Friday, Dec. 1, at the Produce Exchange Luncheon Club, at 5:00 p. m., for the election of officers for 1945 and such other business as shall properly come before the meeting.

Richard F. Abbe

C. E. de Willers

Louis A. Gibbs

John S. French

George Leone

The polls will open at 4:30 p. m. and will close promptly at 6:00 p. m. The final slate of candidates for the various offices, as submitted by the Nominating Committee, is as follows:

President—Richard F. Abbe, Van Tuyl & Abbe.

First Vice-President—Chester E. de Willers, C. E. de Willers & Co.

Second Vice-President—L. A. Gibbs, Laird, Bissell & Meeds.

Secretary—John S. French, A. C. Allyn & Co., Inc.

Treasurer—George V. Leone, Frank C. Masterson & Co.

Directors—George Geyer, Huff, Geyer & Hecht; Harry J. Peiser, Ira Haupt & Co.; Thomas A. Larkin, Goodbody & Co.

Trustees of Gratuity Fund—Arthur B. Retallick, Coffin & Burr; William K. Porter, Hemphill, Noyes & Co.

Delegates—Thomas G. Horsfield, Wm. J. Mericka & Co., Inc.; Michael J. Heaney, Joseph McManus & Co.; D. Frederick Barton, Eastman, Dillon & Co.

Alternates—Allison W. Marsland, Wood, Gundy & Co.; John F. Reilly, J. F. Reilly & Co.; Otto A. Berwald, Berwald & Co.; John D. Ohlandt, J. Arthur Warner & Co.; Jules Bean, Luckhurst & Co.

Nominating Committee (four to be selected)—Richard M. Barnes, A. M. Kidder & Co.; Arthur W. Bertsch, G. A. Saxton & Co., Inc.; Henry G. Bruns, H. G. Bruns & Co.; Charles H. Jann, Estabrook & Co.; T. F. Mackessy, Abbott, Proctor & Paine; Harry F. Reed, Carl M. Loeb, Rhoades & Co.; E. K. Sheppard, Henry S. Robinson & Co., Inc.; Lee Sherman, L. D. Sherman & Co.

For the first time in a number of years there were no nominations by petition. However, it is important that a ballot be cast by each eligible voter, because under the By-Laws, as amended, four members of next year's Nominating Committee are to be elected from a slate of eight candidates submitted by the Nominating Committee.

Attention is called to Article IV, Section 6, of the By-Laws, which reads, in part, as follows:

> ". . . All the members who are members or employees of the same organization shall vote as a unit and shall collectively be entitled to only one vote. Such members shall designate one of their number to cast such vote and if a majority thereof cannot agree upon such designation, such members shall not be eligible to vote. . . ."

Unless notified in writing as to who will cast the ballot for any firm, the Tellers will issue it to the first eligible voter making request.

Despite the exigencies of rationing, Chairman Heaney and the Arrangements Committee promise that the buffet dinner to be served following the meeting will be up to its usual high pre-war standard. In addition, the committee has provided an interesting program of entertainment, so that it should be worth while for every member to attend. Beer free, as usual. It is hoped that eight or ten turkeys will be given out as door prizes, but if this is not possible, there will be some other desirable items.

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Dickson Foresees Great Future Growth In South

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A story of the growth of the Southeast, particularly the Piedmont area of the Carolinas, was reflected in the report given by R. S. Dickson, President, at the annual meeting of stockholders of the investment firm of R. S. Dickson & Company, at its home office in Charlotte, on the twenty-fifth anniversary of the company. From a small beginning in Gastonia, N. C., in a business confined to dealing in textile shares, the company has become a firm of real consequence in the investment field. Offices are maintained in New York and Chicago, and in several other Southern cities besides the home office in Charlotte in the Wilder Building. Mr. Dickson attributed its growth to the fact that it has operated principally in a section that has shown outstanding growth and prosperity since the last war. Likewise, he predicted that the greatest growth of the South is still in the future, and declared that the Southeast had reached a point in financial development where it now could finance its own ventures. He called upon Southern investors to take advantage of the opportunities for building and financing successful enterprises in their own territory.

The company has been one of the strongest advocates of publicity for financial statements by investment houses, and its own statement, as of Sept. 30, 1944, the end of its twenty-fifth year, shows total assets of $2,637,749 and total invested capital of $1,883,460, including preferred and common stock of $786,700, capital surplus of $75,542, and earned surplus of $1,021,218.

N. S. Sharp of the Chicago office, 135 South La Salle Street, and J. Murrey Atkins of the Charlotte office of the firm have been appointed Vice-Presidents.

Five "Streeters" Over Seas Have New Addresses

New APO addresses have been assigned to the following "Wall Streeters" now serving in the armed forces:

Captain Bertram M. Goldsmith, 0523731, APO 464, c/o Postmaster, New York, N. Y.

Captain Leon Lees Jr., 0569032, APO 565, c/o Postmaster, San Francisco, Calif.

Lt. Irving H. Isaac, 0650235, APO 719, c/o Postmaster, San Francisco, Calif.

Sgt. Martin Scherk, 32218090, APO 17381, c/o Postmaster, San Francisco, Calif.

Lt. Thomas F. Doyle, 0-1647920, APO 655, c/o Postmaster, New York, N. Y.

With the exception of Lt. Doyle, who was formerly with Hornblower & Weeks in New York, all were associated with Ira Haupt & Co., New York City.

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Attractive Markets Mean Higher Yields

Fire and casualty insurance stocks offer an attractive situation, according to a memorandum issued by White & Co., Mississippi Valley Trust Building, St. Louis, Mo. Copies of this memorandum and an interesting tabulation of insurance and bank stocks may be had from White & Co. upon request. The firm also announces that copies of their "Fire and Casualty Insurance Stocks Manual" may be had for the asking.

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The Financial Situation

It is most earnestly to be hoped that the authorities in Washington, and for that matter a good many others in this country, are not deluding themselves about post-war foreign trade as badly as current dispatches would appear to indicate. If their thought on the subject is only half as muddled as it appears to be we shall not fare well in the years following the end of the war—that is so far as they shape our conduct. It is true enough as is so often said in these days that we shall need foreign trade in the years to come if we are to prosper in full measure, but further than this it is not often possible to go with many of those who have taken it upon themselves to plan our post-war foreign policies.

Upside Down Thinking

Instances of upside down thinking about foreign trade abound, and it is worth while to take special note of some of them, but they prevail by default. Take the matter of foreign balances in this country. Foreigners have been able to establish and accumulate large claims against the American people in recent years. Some of the claims which have so arisen have been settled in gold, but many of them remain in the form of bank deposits and other assets in this country owned by foreign nationals and foreign governments. So far, so good. But these claims upon us are being described as a source of wealth to us in the post-war period!

Our debt to foreigners, huge in the gross for a long while past, has grown tremendously during the war years—and is now a prospective source of substantial wealth to us! What nonsense is this? The New Deal from the first has rested in large part upon the notion that we could grow

(Continued on page 2276)

From Washington Ahead of The News

By CARLISLE BARGERON

Congress, back in Washington for a few weeks before the new Congress comes in, is in a rather bewildered state. Newspapermen go around asking what is likely to happen now; will the Congress be conservative or "liberal"? They don't get very much information. The holdovers among the Congressmen themselves don't know, and the outgoing ones don't care.

Carlisle Bargeron

What has happened to the Congress is a rather ironic commentary on those trustful souls who reasoned that even if Roosevelt won the Presidency a Republican Congress would be elected against him. Not in the memory of this writer has that ever happened, and we frankly wish, in future campaigns, that people would quit saying this.

It is a fact that the Republicans, because of the close popular vote, did not lose as many seats as they might have. They only lost a net of 22 in the House while they picked up a net of one in the Senate.

It is a fact also that the Republicans feel much cockier than they did after 1940, notwithstanding that they lost fewer House seats at that time. They talk of, and apparently they are determined, to pep up their organization machinery, such as the Republican National Committee, the Congressional Committee and the Senatorial Committee. As of this writing they undoubtedly have a lot of fight in them.

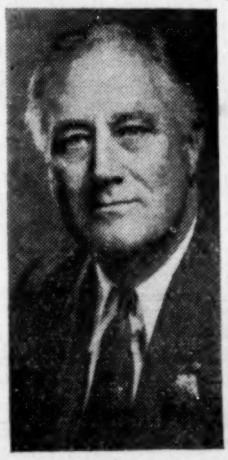
It will be interesting to see how much of that fight they show in the months ahead. Our legislative set-up does not make for independent and hard-fighting members of the House. They only make $10,000 a year and they are up against another campaign just two years hence. They have just witnessed the spectacle, even those Democrats who were opposed to a fourth term and didn't lift their finger in its behalf, and those Republicans who came through—they have just witnessed the spectacle of the American people saying they wanted FD for a fourth term. It takes a hardier person than the average Congressman, be he Democrat or Republican, to oppose that.

We have sought to find out from these gentlemen what influence the CIO-PAC is likely to

(Continued on page 2282)

President Roosevelt Advocates Compulsory Military Training for Youths in Peacetime

Expresses Preference for Wadsworth Bill, But is Vague on Character of "Training" He Advocates. Recalls Advantages Provided by Civilian Conservation Corps Program and Says That Basic Idea is for Young Men Between 18 and Possibly 23 to Give Year of Service to Nation. Opposition to Plan Voiced by Catholic and Protestant Church Groups and Lay Organizations. "Whale of a Fight in Congress" Indicated.



President Roosevelt

The hope that Congress would act this winter on legislation to provide for one year of compulsory peace-time service to the country by young men was expressed by President Roosevelt on Nov. 17. That the President favors the enactment of permanent training and service legislation for youths, along the general lines of the Wadsworth Bill, was indicated by Samuel W. Bell, in Washington advices (Nov. 17) to the New York "Herald Tribune," who said:

Mr. Roosevelt declined to say that the training should be military or that the program should include young women.

The special House Committee on Post-War Military Policy may hold hearings on this measure before the present Congress expires on Jan. 3.

Although Mr. Roosevelt's statement, made at a press conference, caused no surprise beyond comment on its vagueness, it was noted that it came immediately after the annual Assembly of the Catholic Archbishops and Bishops, meeting here yesterday, had adopted a resolution advocating postponement of action on peace-time compulsory military training until after the war.

The Catholic assembly held that it was no more than fair to defer legislation until the men in the armed services were in a position to express their sentiments and until the international situation at the end of the war was known.

The Federal Council of Churches of Christ in America and the American Federation of Labor's American Federation of Teachers' commission on educational reconstruction also have urged postponement, although proponents of action now in Congress, where much controversy on the proposal is expected, have attributed delaying efforts to hope of "pacifists" that delay may mean no action at all.

General George C. Marshall, Army Chief of Staff, and James Forrestal, Secretary of the Navy, have urged a peace-time military training program.

Recalling that he had been for universal training right along, Mr. Roosevelt said his basic idea was that every young man between 18 and possibly 23 should give one year of service to the nation.

When asked about suggestions that establishing a military reserve for the nation might be handled through the National Guard, Mr. Roosevelt replied flatly that this wouldn't work.

When asked whether he thought the training of young men should be "essentially military," Mr. Roosevelt turned the question away by asking whether instruction in cooking or carpentry or the like could be considered military training.

While Mr. Roosevelt did say that he approved the Wadsworth Bill, he explained that it often took six months in military camp for boys to know their right hand from their left, that a lot of boys have never learned to brush their teeth or live with other men in a camp. Some people, he elaborated, don't realize the percentage of boys re-

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T. J. Watson Acclaims Success of International Business Conference

In Farewell Address He Urges an Adjustment of International Trade Barriers for All Nations

Thomas J. Watson

At a farewell luncheon given by the International Business Conference at the Waldorf-Astoria Hotel in New York on Nov. 20, Thos. J. Watson, President of the International Business Machines Corporation, who was an American delegate to the Conference and Chairman of its Reception Committee, delivered an address in which he announced the success of the gathering and thanked the foreign delegates for their attendance.

Mr. Watson's remarks follow:

It is an honor and privilege for me to welcome you here this afternoon in behalf of our hosts, the four American organizations of business men who have sponsored this Conference, the American Section of the International Chamber of Commerce, the Chamber of Commerce of the United States of America, the National Association of Manufacturers of the United States of America, and the National Foreign Trade Council.

I know it will be your pleasure to join me now in paying tribute to the vision and leadership of the Presidents of these four organizations which have made it possible for the delegations from more than fifty countries to meet here for the mutual advantage of all: Mr. Eliot Wadsworth, Mr. Eric A. Johnston, Mr. Robert M. Gaylord, and Mr. Eugene P. Thomas.

Also the members of the organizing committee and of the conference staff: Mr. Reginald Orcutt, Dr. Alexander V. Dye, Mr. Robert Boomer, Mr. Noel Sargent, Mr. Irving I. Denison, and Miss Lillian Schoedler.

Also the members of the Reception Committee, and all who have assisted in preparing for the Conference.

This has been a real foreign exchange conference—an exchange of men and methods, ideas and ideals, which is the only way we can help to develop fair policies for the exchange of goods and services between the nations.

It is the spirit of cooperation among the United Nations and the

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Mixed Economic Doctrines

"The function of the international organization must be the maintenance of international peace and security, the promotion of international cooperation and the adoption of common policies for the solution of common economic, social and other humanitarian problems. In the maintenance of peace it is reasonable that the organization have at its disposal resources for coercing outlaw nations even by military measures.

"In fostering and promoting international cooperation it must seek to guarantee to the weak and poor nations economic opportunities which are necessary to give their peoples reasonable standards of living, and it must seek to prevent selfish monopolistic control of raw materials which are needed for the economic stability of other nations.

"Effective international cooperation lays definite duties on favored nations. No nation may view with unconcern conditions that permit millions of workers in any country to be without the opportunity to secure from their labor adequate family support. Nations rich in natural resources must remember that ownership of property never dispenses with the social obligations of stewardship. Nations gifted with inventive and productive genius are obligated to serve the reasonable needs of other nations.

"Nations should open, under effective guarantees, world lanes of commerce and world avenues of communication to all law-abiding countries. Protective national legislation for legitimate national economic interests must not impede the flow of international commerce and the right social function of international exchange." — Catholic Bishops of the United States.

What a pity it is that along with some sound sense there should be mingled so much plausible economic nonsense.

It would be necessary to make only relatively minor change in certain parts of this doctrine of economic noblesse oblige to have some quite definitely communistic tenets.

Green of A. F. of L. Says Wage Rise Is Necessary for Post-War Prosperity

William Green, President of the American Federation of Labor, in a speech opening the annual convention of the American Federtion of Labor at the Municipal Auditorium in New Orleans on Nov. 20, declared that higher wages were justified for labor to maintain prosperity in the post-war world because of technological developments which enable the individual worker to produce more goods.

Associated Press advices from New Orleans on Nov. 20, from which we quote, also had the following to say regarding Green's remarks:

The workers of America must produce the income to pay the public debt and obligations of the war, Mr. Green said, "and they cannot do it if they do not have the wages."

"The goods which must be sold to keep the nation's economy going can be sold only by putting into the hands of those who buy the money to buy them," Mr. Green said.

The head of the AFL, without calling the Congress of Industrial Organizations by name, appealed in his address for "those who left the home of labor to come back and unite with us."

"If there ever was a time when labor should be united it is now," Mr. Green said, adding that "labor will pay the penalty after the war for this division in its ranks."

"I hope the erring ones will return," he said. "If we stand as one we can meet the common enemy on equal terms."

Mr. Green said that the AFL now had more than 1,500,000 members in the armed forces, and that on their return "practically all" unions would admit them as new members without the payment of initiation fees. And he said, "there will be no lines drawn between the civilian workers and the service men. They will be our comrades and we will be theirs."

On the home front, Mr. Green declared that there were "7,000,000 members of the army of production who also had been sharing the sacrifices of war." Because, he said, "more men have been injured and killed in workshops, mills, mines and factories than on the battlefields."

He declared in conclusion that the AFL "still favors the capitalistic system and that it "will adhere strictly to the economic policy which it espoused from the beginning, and which was so ably championed by Samuel Gompers."

Mr. Green's address was one of several major talks on opening day of the two-week convention which is expected to lay labor's groundwork for the post-war conversion period.

Others included Frances Perkins, Secretary of Labor, who urged labor and industry to join in a mutual program of cooperation and goodwill; Lieut.-Gen. Brehon Somervell, commanding general of the Army Service Forces, who declared production for war "a miracle," but told of a lagging 40% in arms and equipment which he said "stands like a well between us and quick, sure victory."

Illinois Bankers Form Special Committee

"The banks of the Illinois Bankers Association pledge their full cooperation to our returning G. I's," was the promise made by Floyd M. Condit, President of the Association, on Nov. 10 following a meeting of the Executive Committee which authorized the appointment of a special committee to service the veterans banking interests in Illinois in cooperation with a similar committee of the American Bankers Association, of which Chester R. Davis, Vice-President of the Chicago Title and Trust Company, is Chairman. The special committee will be headed by W. B. Allen, Vice-President, Continental Illinois National Bank & Trust Company of Chicago, and the Vice-Chairman will be M. B. Stine, Trust Officer, First National Bank, Danville, Ill. One member of each of the ten groups of the I. B. A. will be appointed to serve on the committee.

The Illinois Bankers Association has also planned an all day session for the discussion of credit and investment possibilities for banks during the reconversion period and after the war. "G. I. Joe," said Mr. Condit, "is very prominent in our plans. The Bill of Rights which Congress passed on his behalf is far from perfect. The Veterans Bureau, which is charged with the administration of that law, has much to contend with on account of its imperfection, but in spite of these problems the banks will meet G. I. Joe more than half way. It is, of course, most important that the G. I.'s understand what this law actually does for them. The Bill provides Government guarantees on portions of loans made to discharged veterans who possess very definite credit qualifications set up in the law. Some well intended friends of veterans apparently have overlooked that feature and have the idea that these loans are in the nature of a bonus or a handout. This, of course, is not true. Any veteran can be assured that, when the regulations are finally established and a complete understanding is had by the Veterans Administration and the banks, these loans will be made to any qualified applicant."

Feels Apprehension For Bretton Plan

W. Latimer Gray, Vice-President of the First National Bank of Boston, on Nov. 14 at the conference on International Credit and Finance said that apprehensions respecting the Bretton Woods plan for an international bank and monetary fund might disappear if it were certain that the fund would content itself with problems of currency stabilization and not end up in a cure-all for internal economic ills, according to the New York "Sun" of Nov. 14 from which we have also taken the following:

"As a starter, I dislike the fact that participating nations can dip into it at will for reasons that at least the extent of their quotas do not have to be discussed," said Mr. Gray. "I have been brought up as a credit man and have been accustomed to borrowers making requests for loans, and to having banks only extend such credit when they consider the risks secure. We must be sure that the fund cannot develop into an extended worldwide WPA."

Mr. Gray also called for a lowering of tariff bars both here and in Great Britain and elimination of other trade barriers that were the product of economic warfare in the 1930s.

The State of Trade

The post-war period will place in business and industry's way a great opportunity to improve the common lot of man and the nation by directing its efforts in the proper channels.

The phenomenal advances in technological development, due largely to the war, promise much in the way of comfort and general betterment for the people through a more efficient and wider distribution of the fruits of this development at lower costs. This can be accomplished providing all other things are equal. With technology as the fountain-head of production, efficiency flows from it in the regular course, and where much labor was formerly expended, a reduced or a minimum amount of labor becomes necessary, since increased mechanization of the means of production make for more efficient methods of output. This spells less jobs for labor.

Displacement of sizable segments of the country's manpower, due to technological advances, correspondingly reduce the potentian markets for our national production and what appears to be a benefit to man is reflected as an evil running the whole gamut of society from the man of wealth down to the butcher, the baker and the candle-stick-maker.

How are we to cope with this condition? Wherein lies the remedy? One logical answer would appear to be found in the field of "distribution," and another, in the mutual recognition by management and labor of each other's rights.

On the first point emphasis on "distribution" is vital, since we must largely look to the field of merchandising to provide employment for a large number of workers which industry will be unable to absorb. Markets must be created to dispose of our increased production and provide the jobs to sustain it.

In embarking upon a policy of wider "distribution" of consumer goods, the task must be undertaken in a scientific way if it is to succeed and meet the challenge of an increase of 12,000,000 or more jobs in the post-war. Our present system of "distribution" accustomed to handling approximately $80,000,000,000 of consumer goods is at present inadequate to meet the needs of a national post-war output which may well double that of pre-war years.

We must pattern our distributing methods more along the lines of production to accomplish our purpose. New and improved accounting practices must be utilized to give management a clearer picture of the distributing functions within the organizations, together with a multiplicity of other aids such as proper planning, marketing and diversification of products, that will promote the more even flow of output and make for uninterrupted employment. Hopes for great expansion in our foreign trade is expected to make for a greater number of jobs, but since foreign trade is a two-way street the benefits to be derived are problematical and too uncertain to place too much reliance upon them. An America as self-contained as possible must be the answer. By this is not meant an America bound to a policy of strict isolationism. Lacking this, we will fall back into old practices which might well lead to the same conditions that confronted the people in the depression years of 1929-1940.

Constructive thought is necessary if we would avoid the pitfalls of the past and cope intelligently with the problem. Closely related to the task of bigger and better "distribution" to insure more jobs for the American people is the harmonious relationship between management and labor. It is desirous that management become more labor-minded and that labor become more business-minded for the good of all. Both management and labor unions are products of a free country, being social and economic factors in our National life and they are here to stay.

Wrongs can be laid at the door of both management and labor and the end of such strife lies in both groups casting aside all recrimination and abuse and approaching a solution in an objective way.

Eric A. Johnston, President of the Chamber of Commerce of the United States, in an address delivered before Founder's Day Dinner at Boston University went to the core of this vital problem which is mainly economic when he said, "Gentlemen of management—you don't get laid off. You're part of what we call the 'overhead' of a business. The 'overhead' has to go on even between jobs in order to hold the business together.

"But doesn't it occur to you that the worker also has an 'overhead?' He has his family to hold together. He has to keep on paying the landlord and the grocer and the butcher. His costs don't stop just because he is laid off.

"We have to have more job security in America. We must strive to give our workers continuous employment; and where that's impossible, we must develop a sane and sensible program for adequate unemployment insurance which will take care of the worker's "overhead" during his times of being laid off."

The Wagner Labor Act known as labor's Magna Charta, while it has been the medium through which many of the benefits of labor have been secured, it has at the same time worked to the distinct disadvantage of management. The Act makes legal the right to strike no matter what the circumstances, and says nothing of practices which interfere as effectively and disastrously with "the free flow of commerce" as would anything that the employer could do.

Discrimination of the Wagner Labor Act is known to all who are not blind to truth. Employers are frequently charged under the Act with responsibility for labor disputes when it is notorious that labor is often equally responsible, penalizing them for refusal to bargain collectively while completely exempting labor from any obligation to observe the collective agreements which it makes, and ignoring the meddling of government which has repeatedly worked to the detriment of management. A revision of the Wagner Act to correct these abuses would help materially in furthering the cause of better industrial relations.

On management's side, a frank discussion with labor of the company's aims and objectives; recognition of increased effort; maintenance of the wage-scale and assurance, if possible, of steady employment; participation with management in matters relating to production and such other factors that will promote the common good, will work toward a better and healthier national economy.

United States War Expenditures in October—United States war expenditures in October averaged $286,400,000 a day, and total war spending in the month was $7,447,000,000, the WPB announced officially on Nov. 15.

Daily expenditures were $13,200,000 higher than in September, when total expenditures for war were $7,104,000,000. The daily rate, the WPB said, was based on 26 days in each month when checks were cleared.

Total war expenditures from

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Davis Report to President Places Rise In Living Cost at 29%; Labor Claims Rejected

Chairman William H. Davis, of the special committee named to investigate its wartime rise in living costs, reported to President Roosevelt on Nov. 18 that for the bulk of wage earners it amounts to 29 to 30%, said an Associated Press dispatch from Washington on Nov. 18, which also had the following to say:

Rejecting union labor claims that the rise is about 44%, Chairman William H. Davis, with two industry members concurring "in the main," concluded that 3½ to 4½ percentage points should be added to the 25.5% increase shown by the Bureau of Labor Statistics index as of last Sept. 15.

The two labor members, though not agreeing with Mr. Davis's conclusions, pointed to them, nevertheless, as support for AFL and CIO arguments that wage controls should be eased.

In a letter to the President, George Meany of the AFL proposed specifically that the "Little Steel" formula be relaxed to permit wage increases of 30% above the January, 1941, level. The formula limits general wage increases to 15% above that base date.

Mr. Davis's report emphasized that the Bureau of Labor Statistics index did not undertake to be all inclusive, but was aimed to measure the prices of supplies going to make up the family budget of big city dwellers with an average income of $1,524, based on a 1934-36 survey.

He expressed the opinion that for those with low incomes the increase in living costs had been higher than 30%, but praised the technical competence and care of those preparing the BLS.

"No substantial criticism of the BLS methods has survived the searching studies presented to this committee," he said.

It might be well, Mr. Davis concluded, to make periodic broader studies than are included in the BLS statistics, but he said that was a matter for study by the Budget Bureau and others.

And he recommended that some name other than "cost of living" index be chosen for the BLS figure—a recommendation on which labor and industry members agreed.

The report is expected to weigh importantly in the President's consideration of labor's demands for a change in the "Little Steel" formula, but the major report on that issue is yet to come.

The War Labor Board currently is working on a general report on wage policies growing out of demands by the CIO United Steel Workers and other CIO unions for increases above the limits of the "Little Steel" policy. This will deal with wages in relation to living costs, maintenance of future purchasing power and other factors but will not make recommendations. It is expected to be several weeks at a minimum before it reaches the White House.

Mr. Davis accepted, in preparing his report, most of the findings by a technical committee headed by Dr. Wesley C. Mitchell, director of research of the National Bureau of Economic Research.

Dr. Mitchell's group agreed that there was some substance to the labor argument that the BLS index failed to reflect quality deterioration, disappearance of cheaper consumption items, declines in special sales and increased under-reporting of prices actually charged.

It was on the basis of such "hidden increases" that Mr. Davis concluded 3 to 4 percentage points should be added to the BLS index. Saying there was evidence the increase had been greater in small cities than in large, he said another one-half percentage point should be added if the index was to reflect costs of workers in both small and large communities.

The special committee to study the war-time increase in living costs was appointed on Oct. 22, 1943. A day earlier, a group of labor leaders had taken to the White House a protest that the BLS index failed by far to show the true rise in living costs.

President Roosevelt asked Mr. Davis, who is chairman of the War Labor Board, to head a committee "to look into the question and try to answer and make clear how the index figure is arrived at, whether any changes should be made in its component parts, or other improvements."

As finally formed, the committee included Mr. Davis, Horace B. Horton and George K. Batt as industry members, and Mr. Meany, Secretary-Treasurer of the AFL, and R. J. Thomas, President of the CIO United Automobile Workers, as labor members.

The final result was three separate reports aggregating some 60,000 words.

Mr. Meany and Mr. Thomas submitted a separate report last Jan. 25, which said the cost of living rose 43.5% between January, 1941, and December, 1943.

A letter sent to the President along with Mr. Davis's report, Mr. Thomas contended that the WLB chairman erred by not giving consideration to war-time changes in the manner of living.

"The cost of living, as the CIO understands it, includes changes in the manner of living," Mr. Thomas said. "To limit the concept to changes in retail prices is greatly to understate the real rise in living costs as we define them."

American workers, Mr. Thomas told the President, "know that you will correct — and promptly — the great inequity that they are suffering."

The industry members told the President in a letter that "we concur in the main with the general conclusions" of Mr. Davis, but also sent in a separate report topped by this summary conclusion:

"The direct and indirect evidence concerning price changes indicates that the BLS index furnishes a good approximation of the changes which have taken place in the war-time cost of living."

Using the Bureau of Labor Statistics price index and the Mitchell committee's comments on it, the report by William H. Davis, chairman of President Roosevelt's special committee to investigate the rise in living costs during war time, evolved the following statement of rising costs:

"For all components combined the cost of living rose approximately 15% from Jan. 15, 1941, to May 15, 1942. It rose about 2% more from May 15 to Sept. 15, 1942. It continued to rise at about the same rate to April 15, 1943, when it amounted to an increase of about 23%. There was some fluctuation but no further significant rise in the 12 months from April 15, 1943, to April 15, 1944. The increase up to Dec. 15, 1943, was approximately 23%. It was 25.5% on Sept. 15, 1944.

"To this figure, 25.5% should be added the Mitchell committee estimate of 3 to 4 percentage points for the hidden increases in a seller's market, and ½ percentage point if the index is to be used to represent changes in the cost of living of urban workers in small as well as large cities.

"The final figure for the overall increase in the cost of living from January, 1941, to September, 1944, would thus be found to be 29 to 30%."

Mr. Davis emphasized that the BLS index applies most accurately to families located in large cities whose income is approximately $1,500 a year, but said "it represents the hard core of American workers who live in urban communities."

For workers in the lowest income groups, however, Mr. Davis said that "the rise in the cost of living is certainly greater than the BLS figures would indicate."

Fred M. Vinson, Director of Economic Stabilization, issued a statement on Nov. 19, in comment on the cost of living report submitted to President Roosevelt, which indicated that the Administration is not contemplating a general upward revision of the "Little Steel" formula governing wages. Mr. Vinson's statement follows:

Mr. William H. Davis's report on the cost of living index presents a careful, thorough and disinterested survey of the subject. The conclusions which Mr. Davis has reached do not differ significantly from those of the Bureau of Labor Statistics; and they are supported by the overwhelming weight of impartial and expert evidence. The minor differences between Mr. Davis's conclusions and the bureau's index relate almost entirely to matters not sufficiently precise to be measured by an official index.

Naturally, I am gratified at this confirmation of the general belief that a good job has been done in stabilizing wartime prices and living cost.

We cannot afford to relax our efforts. So long as the war absorbs half of our national production, we must hold prices at their present level in order to preserve the purchasing power of the worker's pay envelope. Wherever our present price and production controls are too lax — as in the case of textiles and clothing — we must tighten them.

I am frankly disturbed to note that, after a year of complete stability, the cost of living has risen slightly but perceptibly during the past six months. This must stop. The Price Administrator and I will use special vigilance to this end.

Meanwhile we must plan to meet the changes with which "V-E" Day will put us face to face. We must put consumer goods from our reconverted industries on the market at prices low enough to provide mass markets and full employment. We must have a wage policy to provide workers with earnings high enough to buy the products of our expanded and reconverted industries. Wage and price policies geared to expanded output and high employment will insure high and staple profits for free American enterprise.

Our price and wage policies must aim for economic stability in war, a goal of 60,000,000 jobs and a high national income in peace.

Export Freight Movement

Cars of export freight, excluding coal and grain, handled through United States ports totaled 167,299 in the month of October compared with 126,013 cars in October, 1943, or an increase of 33%, the Association of American Railroads announces. The current figure also compares with 166,360 cars in September of this year.

Export grain unloaded at the ports totaled 3,879 compared with 2,285 in October, 1943, or an increase of 70%.

The railroads handled 515 carloads of coastal freight in October, 1944, compared with 578 in the same month of 1943, or a decrease of 11%.

The total of 171,693 cars of export and coastal freight excluding coal handled through the ports represented an average daily unloading of 5,538 cars. This is the eighth consecutive month that the average daily unloading has exceeded 5,000 cars.

Launching of Sixth War Loan Drive—President Calls for Sacrifice of Comforts

Pointing out that "there is one front on which all of us can serve in the war," President Roosevelt, in an address bringing under way the Sixth War Loan Drive, declared that "we can all practice self-denial" and "sacrifice some of our comforts to the needs of the men in the service." Citing that the war in this month alone (November) will cost us 7½ billion dollars, the President observed that that is $250,000,000 a day. He reminded the people of the Nation that the war is not over, and "we have no reason to be complacent about the tough road that still lies ahead of us." "In the name of our wounded and sick, in the name of our dead and in the name of future generations of Americans" he urged that the people of the Nation apply themselves "to plow out this furrow to a successful and victorious end."

The President's address was broadcast from the White House on Sunday, Nov. 19, when the launching of the War Loan Drive was signalized by special exercises in loan rallies in New York City, Chicago, Minneapolis and other cities throughout the country.

In New York City the opening of the drive was featured by a parade on Fifth Avenue, and it was noted in the New York "Times" that Frederick H. Gehle, Chairman of the New York State War Finance Committee, unveiled a three-and-one-half-foot mirrored Blue Star as the symbol of the drive. The paper from which we quote added: "The blue star, emblem in so many windows of the lad who has gone to war, has been chosen as the distinctive mark for service in this drive. An army of 498,207 Blue Star Brigadiers have volunteered in New York State for a door-to-door canvass in behalf of the drive."

Among those on the reviewing stand during the parade were Rear Admiral Monroe Kelly, commandant of the Third Naval District; and Major General Thomas A. Terry, commanding general of the Second Service Command. It was stated in the "Times":

Approximately $100,000,000 worth of Navy ships was lost in the great naval victory in the second battle of the Philippines, Admiral Kelly told a crowd of 5,000 persons gathered before the reviewing stand at ceremonies preceding the arrival of the parade. He said that it was necessary to replace these ships as well as pay for the vast amounts of ammunition that were expended.

On Nov. 16 a huge replica of the Statue of Liberty was dedicated at Times Square in New York City, the torch being lighted with the pressing of a button by President Roosevelt at his desk in Washington.

The President's address from Washington Nov. 19 follows:

The Sixth War Loan Drive that starts tomorrow is something more than just a money-raising affair.

We cannot all fight the enemy face to face. We cannot all produce the weapons and the raw materials that are so vital to our armed forces.

But there is one front on which all of us—every man, woman and child—can serve, and serve for the duration. We can all practice self-denial. We can all sacrifice some of our comforts to the needs of the men in service; and, yes, even some of our needs to their comforts.

The war in this present month of November alone will cost us $7,500,000,000. That is $250,000,000 a day.

That is why it's so important that we end the war as soon as we can; that is why every war bond that you buy is so important.

The war is not over—no, not by many a costly battle. While we have every reason to be proud of what has been done—even optimistic about the ultimate outcome—we have no reason to be complacent about the tough road that still lies ahead of us.

We have just been through a wartime election, demonstrating to the people of the world the deep roots of our democratic faith.

The Sixth War Loan, I am confident, will be a further example of democracy in action in a world at war.

There is an old saying about sticking to the plow until you have reached the end of the furrow. Every rule of common sense and patriotic thought makes that maxim applicable to our conduct in this war.

And so, in the name of our wounded and sick, in the name of our dead, and in the name of future generations of Americans, I ask you to plow out this furrow to a successful and victorious end.

Rand McNally Directory Shows Big Bank Loans

The final 1944 edition of the Rand McNally Bankers Directory, just issued, indicates a healthy condition as far as bank earnings are concerned. In the last six months bank loans went up almost $2 billion, $1,905,154,000 to be exact.

During the same period deposits increased $11,115,663,000 and the holdings of Government securities $10,188,198,000, to an all-time high of $76,122,535,000. Small declines were registered in other securities and in cash and exchange due from other banks. Although capital remains substantially the same during the six-month period, undivided profits and reserves show an increase of $217,303,000.

Other pertinent banking statistics shown in the "Blue Book" indicate the unprecedented quota of bank assets and stability of the whole banking structure.

Slight decreases have been registered in a number of banks in all categories in the past half-year. The total of national banks decreased from 5,044 to 5,039. State banks and trust companies decreased from 9,507 to 9,496, and private banks from 148 to 145, leaving 14,791 head-office banks, a decrease of 21 in the past six months. There are also 4,111 branch offices. Approximately 118,000 directors are listed in this directory.

The final 1944 edition of the "Blue Book," revised to September, 1944, and containing 2,593 pages of banking and financial information, includes the latest available statements, nearest banking points to all non-bank towns, a five-year list of discontinued bank titles, all bank associations and Government banking agencies and the FDIC status of all banks. A separate bound book listing the attorneys for every bank town accompanies each copy of the directory. Latest maps of each State and all foreign countries adds a great deal to the information and reference value of the book.

Hope Favors Two-Price System for Farms

Representative Hope, ranking minority member of the House Agriculture Committee, on Nov. 15 said that he favors a two-price system for major farm products after the war, according to an Associated Press dispatch from Washington on the same day.

The Financial Situation

(Continued from first page)

rich by incurring debt with utter recklessness. Now we are being told that the payment of debt to foreigners will greatly enrich us. It appears almost incredible that such an idea should be put forward. Yet there can be no doubt that it is. This large debt we owe on current account was incurred in prewar years in part out of conditions peculiar to the war. In effect, for one reason or another, foreign peoples for three-quarters of a decade prior to our entry into World War II sent us large amounts of money, primarily in the form of gold, for safe keeping. We accepted it with more or less of a promise to repay upon demand. Since our entry into the war, we have been buying heavily in many neutral countries to obtain materials actually needed by us or our allies, to keep our enemies from obtaining supplies needed by them and to acquire friends. Meanwhile, with our economy geared to war and with shipping facilities stretched to the utmost to serve the most essential purposes, we have not been able to export in correspondingly great quantities (i.e., outside lend-lease).

In fine, we have acquired large amounts of goods and services, and some goodwill (as well, we are afraid, as some bad will), payment being deferred by one means or another to a more convenient season. Now, it is apparently rather widely believed that the "more convenient season" is approaching with the end of the war—and, according to current reasoning, we shall grow rich not by reason of what we receive for our goods but in the process of shipping goods and rendering services to other peoples to satisfy our creditors!

Charity and Business

But strange as this doctrine is, there are a number of fitting companion pieces. One of them is the strange idea that somehow we can grow rich by playing the good Samaritan to virtually the remainder of the world. As expounded by some current observers this profitable charity is to include not only that which is obviously necessary to prevent wholesale starvation and to ameliorate as best we may the immediate and dire need of suffering millions, but materials and goods required to set them up in business again. Here doubtless a great many have permitted their kind hearts to blind them to otherwise quite obvious facts. It is probably all too true that there is now and there will be much suffering in various parts of the world when this war is over. It may well be that the extent of the damage done has been over-estimated in some instances, but there will be many cases where the generous American will wish to be of direct and material assistance. There is nothing to be ashamed of in this, and nothing to be condemned. What this generous American must not do, however, is to mistake this kind of a contribution for an investment. The fact is, of course, that many of the peoples whose condition will cry out for assistance when the war is over have never been and probably will never be in our time in a position to service large foreign loans.

Failure on the part of influential leaders to understand this simple fact is clearly revealed in a number of proposed programs, and the result is a danger of no small magnitude. The suggestion now apparently rather well received that the Import-Export Bank be authorized to lend not hundreds of millions as in the past but billions is a case in point. It could be, of course, that such an institution would be careful to confine its accommodation to borrowers who really could show a reasonable prospect of servicing the loan—but, if so, it would certainly not be operating in the spirit of those who are making such plans as these for the institution. More realistic by far are those who suggest "grants-in-aid" as the means to be used in affording the relief abroad which we feel called upon to provide, although it can not be said that there is no ground to fear that our sympathies may make us victims of shrewd mendicants. But there are many proposals, the international fund and bank programs, for instance, where the opportunity would be present and the temptation great to confuse charity with business—a mistake fully as destructive of international friendship as of individual friendship.

Confusion About Cartels

But not in such matters alone do we find confusion worse confounded in our international thinking. In current discussions of cartels, for example, there is much to cause concern. There is the Secretary of State, who has long insisted upon much freer international trade. Indeed, he has consistently preached something as near free trade as any one in this country has found it advisable to champion for decades past. Cartels have, of late, been charged with about all the crimes in the calendar. Yet it is far from clear that any one, the New Deal leaders included, really wishes to do away with international cartels and cartel-like organizations. What apparently is wanted is merely to have government control, or perhaps even better, actually operate them. Again, at the very time that so much is being said of more liberal trade policies we are showing, as in the case of cotton, for example, that we are quite ready to pursue courses which are the very negation of liberation of foreign trade.

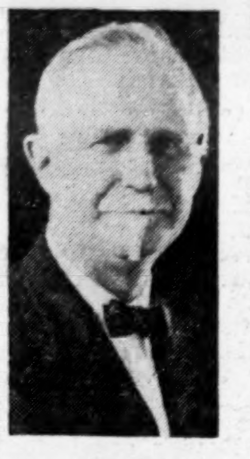
At some time in the future—and we can only hope it will not be too far in the future—we shall have to learn in the hard way if we refuse to learn in any other way that there are certain inexorable fundamentals, rooted deep in human nature itself, which neither political dodging nor clever machinery can budge or avoid.

Thanksgiving Season

Babson Gives Ten Reasons for Which to Be Thankfuful

BABSON PARK, MASS.—This Thanksgiving Day we have much for which to be thankful. I should like to comment specifically upon ten reasons:

1. First and foremost, we can celebrate this year for the same reason that occasioned the first Thanksgiving of the Pilgrim Colony in 1623, namely, A FINE HARVEST. Crop yields this year surpass all previous records. There is plenty of wheat, corn and other farm products for us to feed ourselves and the needy everywhere.



Roger W. Babson

2. Without HEALTH and STRENGTH none of us can work or think efficiently. Combined with the right spiritual outlook, health is the greatest of all blessings. The past year has seen an improvement in both on the part of the American people.

3. Although the Thanksgiving season finds us in the midst of our greatest war, we should be thankful for the progress which has been made toward a successful peace. We are justified in believing the European War will be over in a few months and the hope that total peace may come before another Thanksgiving Day.

4. Whether Republicans or Democrats, we should be thankful that we live in a country where a free ELECTION can be held. Here is tangible evidence of the continued existence of our country as a true democracy.

5. We should be thankful for the MORAL AND PHYSICAL COURAGE that our men and women have shown both at home and at the front. Our fighting forces first believe that they are engaged in a great moral crusade; and, second, they have the courage to back up their beliefs.

6. Our people should be thankful for FULL EMPLOYMENT AND FAIR WAGES. No one need be without a job today. As a result, old debts are being settled and, to the joy of the retailer, large sales are being rung up on cash registers.

7. We who believe in free enterprise should be thankful that values have kept up so well. Our rulers at Washington are showing more justice and less prejudice. They are beginning to realize that people should be encouraged to save as well as to spend.

8. We should be thankful FOR OUR NEWSPAPERS and the evidence their pages contain of our continued right of free speech; of the privilege that every American has to write his editor and, if worthy, get his letter published. More than the peoples of any other nation, we are being kept informed as to what is going on.

9. Our BUSINESS LEADERS are responsible for many of our blessings. They represent a part of our national life that has become almost commonplace. Too often their work is taken for granted. We should all be more grateful to them as well as to their wage workers.

10. Last, but by no means least, we should be thankful FOR OUR CHURCHES. There is today, in accord with our more serious thinking, a deepening of interest in spiritual affairs. Church attendance is increasing and there is a greater desire for a larger participation in church work and personal meditation. It is heartening to many of us "old timers" to see people again reaching for the more important things in life.

Yes, we have much to be thankful for this year!

Ass'n of Insurance Commissioners Proposed Bill to Free Insurance From Federal Control

On November 15, a joint statement was issued by Newell R. Johnson, President; Edward L. Scheufler, Chairman of the Executive Committee, and F. J. Harrington, Chairman of the Sub-Committee of Federal Legislation of the National Associates of Insurance Commissioners. This statement was induced by the threat arising from the U. S. Supreme Court decision last spring (see "Chronicle" issue of June 8, page 2383) in the case of United States vs. South-Eastern Underwriters Association, holding that insurance constitutes interstate commerce and was therefore subject to Federal regulation and Federal anti-trust laws. The immediate effect of the decision was the introduction of bills both in the Senate and the House of Representatives to exempt the insurance business from the Federal regulation. The House has already passed such a measure, but the Senate bill has not yet come up for consideration on the floor. In the meantime the National Association of Insurance Commissioners appointed a committee to draw up a bill along these lines for congressional enactment.

The text of legislation to be proposed for enactment by the Congress of the United States has been completed in a joint meeting at Chicago of the Executive Committee and its sub-committee on Federal legislation of the National Association of Insurance Commissioners. The legislation is designed to provide, in the public interest, relief from the effects of the Supreme Court decision of June 5, 1944, that insurance is commerce. By this decision insurance became subject to Congressional acts regulating commerce which may impair some of the cooperative procedures on rates, forms and operating practices long recognized as essential to the sound conduct of the insurance business and to the protection of the public.

Fundamental to the suggested legislation is the principle that continued regulation of insurance by the states is in the public interest, and the reiteration by Congress of its endorsement of this principle is essential. The bill provides in its first and second sections for the statement of this principle and for the validation of state statutes regulating insurance, together with a provision that acts of Congress shall not invalidate, impair or supersede state insurance laws unless such acts specifically so provide. A declaration is made that the Federal Trade Commission Act and the Robinson-Patman Anti-Discrimination Act shall not apply to insurance. The states are now empowered to deal with practices contemplated by the Federal Trade Commission Act, and while it seems clearly to have been the intention of Congress that the Robinson-Patman Act should have no application to the insurance business, any possible doubt should be removed.

Section 4 of the proposed legislation deals with the Sherman and Clayton Acts, and its drafting required most exhaustive consideration. It is these Acts which may impair some of the essential cooperative practices which have brought the business of insurance, under state supervision, to its present position of great strength and have permitted insurance managements to act intelligently in the preparation of broad policy forms and promulgation of reasonable rates for the protection of the policyholder. A suspension until July 1, 1948, is requested, in which the Sherman and Clayton Acts shall not apply, in order to allow adjustments within the business and time for enactment by states of such further legislation as they may deem necessary or desirable. After July 1, 1948, it is provided that the Sherman Act shall not apply to the use of cooperative rates, forms and underwriting plans where state-approved, to adjustment, inspection and similar agreements, to acts of reinsurance or coinsurance, to commission agreements, to the collection of statistics, nor to cooperative action for making of rates, rules or plans where their use is not mandatory.

No exemption is sought nor expected for oppressive or destructive practices. On the whole, insurance has been conducted on a high plane, with great benefit to the public, and if inconsistent procedures are found, they must be eradicated. Provision is made that the Sherman Act shall not now or hereafter be inapplicable to any act of boycott, coercion or intimidation.

Neither does the proposed legislation seek exemption from the National Labor Relations Act or the Fair Labor Standards Act.

No attempt has been made to deal with the subjects of joint stockownership and interlocking directorates, which will have further study.

The legislative measure now proposed has been the product of the same high type of cooperative action which it seeks to preserve. The committees of the National Association of Insurance Commissioners have received able assistance from all segments of the insurance business, and have enjoyed the advice of eminent counsel and experts on constitutional law both within and without the business. The decision of the Supreme Court has created a grave situation which can be immediately remedied only by Congressional action. In recognition of their responsibility as administrators of the state regulatory system, the insurance commissioners, through appropriate committees of their national association, have given most careful study to the problems now faced. While no claim can safely be made that the proposed legislation is a perfect or complete answer, it is firmly believed that it will provide the broad, basic and immediate relief now essential. As such it is presented for Congressional consideration and should have the constructive support of companies, producers and policyholders.

International Organization Needed for Preservation of Just Peace Say U. S. Bishops

Favors World Court and Principles of Atlantic Charter

In a statement presenting their views as to means for bringing about "a just and lasting peace," the Catholic Bishops of the United States state that such a peace "must be the creation of a sane realism, which has a clear vision of the moral law, a reverent acknowledgment of God, its author, and a recognition of the oneness of the human race underlying all national distinctions."

Reference is made in the statement to the proposals formulated at Dumbarton Oaks, and to the hope expressed by the Secretary of State that "leaders of our national thought and opinion will discuss them in the spirit of constructive effort." The statement points out that "if public opinion is indifferent or uninformed, we shall run the risk of a bad peace and perhaps return to the tragedy of 'power politics.'" The statement likewise says "if public opinion is alert and informed, we can have a lasting peace and security."

According to the statement "an international institution, based on the recognition of an objective moral obligation and not on the binding force of covenant alone, is needed for the preservation of a just peace and the promotion of international cooperation for the common good of the international community."

The statement sets out that "while it is reasonable to set up a security council with limited membership, this council must not be an instrument for imperialistic domination by a few powerful nations. Before it every nation must stand on its rights and not on its power. It must not allow any nation to sit in judgment in its own case."

"The function of the international organization," says the Bishops' statement, "must be the maintenance of international peace and security, the promotion of international cooperation and the adoption of common policies for the solution of common economic, social and other humanitarian problems. In the maintenance of peace it is reasonable that the organization have at its disposal resources for coercing outlaw nations even by military measures." It is further stated that "in the international organization there should be a world court to which justiciable disputes among nations must be submitted. Its authority should not be merely advisory but strictly judicial."

"We hold," says the Bishops, "that if there is to be a genuine and lasting world peace, the international organization should demand as a condition of membership that every nation guarantee in law and respect in fact the innate rights of men, families and minority groups in their civil and religious life."

"It is a Christian hope we want to realize," the Bishops state—"the hope of a world at peace, a world of sovereign States cooperating in assuring all men the full enjoyment of their rights, a world of free men and free nations with their freedom secured under law." They add:

"War may come, but if our hope is realized it will be a war of punishment meted out to outlaw nations."

In special advices from Washington to the New York "Times" Nov. 18 it was observed that included in the Bishops' recommendations are:

"1. Uprooting of ideologies which violate the rights of man.

"2. A universal institution with a democratic constitution before which every nation stands on its rights and not on its power.

"3. A world court the authority of which should be not merely advisory but strictly judicial.

"4. The world organization must not allow any nation to sit in judgment in its own case.

"5. Assistance for prostrate nations and means for revising treaties."

From Associated Press accounts we quote:

"The Soviet Union has been insisting that major powers should sit and vote with the council, even if themselves accused of aggression. This would permit a major power to veto international collective action against itself since it is proposed that no action be taken without a unanimous decision by the major powers."

The statement of the Bishops, who compose the Administrative Board of the National Catholic Welfare Conference, was adopted at the annual meeting of the American hierarchy; it follows in full:

"We have met the challenge of war. Shall we meet the challenge of peace?

"This is the question uppermost in the minds of men everywhere who in suffering and hardship have stood out against ruthless aggression. The men of our armed forces, the masses of our citizens, our leaders, all want to be true to our soldiers who have given so much, some even their lives, in this war for freedom. They want to be true, as well, to future generations on whom we have been forced to place a heavy burden as the price for their freedoms.

"Honestly, earnestly we want to garner from the sacrifices, hardships and losses which have gone into this war the full fruits of victory in a good peace. The foremost problem in post-war planning is how to secure for ourselves and all the world a just and lasting peace.

"Recently representatives of the United States, the United Kingdom, the Soviet Union and China at Dumbarton Oaks formulated and presented to their Governments broad tentative proposals for an international organization for 'the maintenance of peace and security and the creation of conditions which make for peace.' These proposals have been given to the public for full study and discussion by peoples of all countries.

"Our own Secretary of State has expressed the hope that leaders of our national thought and opinion will discuss them in the spirit of constructive effort.

Freedom From Hatred, Greed

"Public opinion in our country can exert a tremendous effort in making the peace and determining the manner of international collaboration for its maintenance. If public opinion is indifferent or uninformed, we shall run the risk of a bad peace and perhaps return to the tragedy of 'power politics,' which, in the past, divided nations and sowed the seeds of war.

"If public opinion is alert and informed, we can have a lasting peace and security. It is imperative that all our citizens recognize their responsibility in the making and maintenance of the peace. They must inform themselves on the issues and form their judgments in the light of sound reason and our Christian democratic traditions.

"They must free themselves from hatred, from distrust, from the spirit of mere expediency, from national greed and from indifference to right in the use of might, and they must form their judgments on the basis of stern objective realities.

"This war came largely from bad education. It was not brought on by primitives or unlettered peoples. The contemporary philosophy which asserts the right of aggression is the creation of scholars. Discarding moral principles and crowding God out of human life, scholars produced the monstrous philosophies which, embodied in political and social systems, enslave human reason and destroy the consciousness of innate human rights and duties.

"In these systems the notion of the common good is utterly distorted; it is no longer conceived as the consequence of the common enjoyment of rights and the common discharge of duties, but the creation of the caprice of a dictator or a group or a party.

"The gilded dreams of a new era, which these systems heralded, have proved to be a hideous nightmare. If we are to have a just and lasting peace, it must be the creation of a sane realism, which has a clear vision of the moral law, a reverent acknowledgment of God its Author, and a recognition of the oneness of the human race underlying all national distinctions.

Atlantic Charter, Without Equivocations

"We have no confidence in a peace which does not carry into effect, without reservations or equivocations, the principles of the Atlantic Charter. We feel, too, that it should provide assistance for prostrate nations in reconstructing their economic, social and political institutions.

"If justice is compromised, if unreasonable concessions are made to might, grievances will rankle in the bosom of aggrieved nations to endanger the peace of the world. If prostrate nations are not assisted in giving to their peoples fair economic opportunities, they will become the arena of civil strife and turmoil. No international organization will be able to maintain a peace which is unfair and unjust.

"There is an international community of nations. God Himself has made the nations independent for their full life and growth. It is not therefore a question of creating an international community, but of organizing it. To do this we must repudiate absolutely the tragic fallacies of 'power politics,' with its balance of power, spheres of influence in a system of puppet governments, and the resort to war as a means of settling international difficulties.

Might Must Yield to Law

"After the last World War an attempt was made to organize the international community. It failed not because its objective was mistaken but because of inherent defects in its charter, and more especially perhaps because the nations were not disposed to recognize their duty to work together for the common good of the world.

"International law must govern international relations. Might must be subordinated to law. An international institution, based on the recognition of an objective moral obligation and not on the binding force of covenant alone, is needed for the preservation of a just peace and the promotion of international cooperation for the common good of the international community. The common good of every nation is inseparably connected with the common good of the international community.

"The international institution must be universal. It must seek to include, with due regard to basic equality of rights, all the nations, large and small, strong and weak. Its constitution must be democratic. While it is reasonable to set up a Security Council with limited membership, this Council must not be an instrument for imperialistic domination by a few powerful nations. Before it every nation must stand on its rights, and not on its power. It must not allow any nation to sit in judgment in its own case.

"Frankly, it must recognize that for nations as well as individuals life is not static. It must therefore provide in its charter for the revision of treaties in the interest of justice and the common good of the international community, as well as for the recognition of a people's coming of age in the family of nations.

"The function of the international organization must be the maintenance of international peace and security, the promotion of international cooperation and the adoption of common policies for the solution of common economic, social and other humanitarian problems. In the maintenance of peace it is reasonable that the organization have at its disposal resources for coercing outlaw nations even by military measures.

"In fostering and promoting international cooperation it must seek to guarantee to the weak and poor nations economic opportunities which are necessary to give their peoples reasonable standards of living, and it must seek to prevent selfish monopolistic control of raw materials which are needed for the economic stability of other nations.

"Effective international cooperation lays definite duties on favored nations. No nation may view with unconcern conditions that permit millions of workers in any country to be without the opportunity to secure from their labor adequate family support. Nations rich in natural resources must remember that ownership of property never dispenses with the social obligations of stewardship. Nations gifted with inventive and productive genius are obligated to serve the reasonable needs of other nations.

"Nations should open, under effective guarantees, world lanes of commerce and world avenues of communication to all law-abiding countries. Protective national legislation for legitimate national economic interests must not impede the flow of international commerce and the right social function of international exchange.

Teeth for World Court

"In the international organization there should be a World Court, to which justiciable disputes among nations must be submitted. Its authority should not be merely advisory, but strictly judicial. A condition for the right functioning of this Court is the proper development and codification of international law.

"Competent international authority must enact into positive law the principles of the moral law in their international references, and to these will be added positive treaty provisions and the charter and legislation of the international organization.

"The World Court should be empowered to render decisions in cases submitted to it either by any party in interest or by the international organization. It must have authority to refer its decisions to the international organization for execution.

"It would be useless to set up a World Court and either deny it the right to demand the execution of its decisions or make the execution of them subject to the discretion of the international organization.

"Nations which refuse to submit their international disputes which constitute a threat to the peace or the common good of the international community, should be treated by the international organization as outlaw nations. Moreover, obligatory arbitration of international disputes which threaten world peace would mark a signal advance in international relations.

Insist on Innate Rights of Man

"The international organization must never violate the rightful sovereignty of nations. Sovereignty is a right which comes from the juridical personality of a nation and which the international organization must safeguard and defend.

"However, national sovereignty may not be interpreted as absolving a nation from its obligations in the international community. Moreover, even within the State, national sovereignty is limited by the innate rights of men and families. Since civil authority does not confer these God-given rights it may not violate them.

"The ideology of a nation in its internal life is a concern of the international community. To reject this principle is tantamount to maintaining that the violation of the innate rights of men in a country by its own government has no relation to world peace.

"Just at this moment, in the interest of world peace, our nation is exerting itself to root out some ideologies which violate human rights in the countries we are liberating. We hold that if there is to be a genuine and lasting world peace, the international organization should demand as a condition of membership that every nation guarantee in law and respect in fact the innate rights of men, families and minority groups in their civil an religious life. Surely our generation should know that tyranny in any nation menaces world peace.

"A nation which refuses to accord to its own people the full enjoyment of innate human rights cannot be relied upon to cooperate in the international community for the maintenance of a peace which is based on the recognition of national freedom. Such a nation will pursue its own selfish international policies, while paying lip service to international cooperation.

Free Men, Free Nations

"We have it within our power to introduce a new era, the era for which peoples have been longing through the centuries, the era in which nations will live together in justice and charity.

"It is a Christian hope we want to realize, the hope of a world at peace, a world of sovereign States cooperating in assuring all men the full enjoyment of their rights, a world of free men and free nations with their freedom secured under law.

"War may come, but if our hope is realized it will be a war of punishment meted out to outlaw nations. Through all the sufferings and sacrifices of this war we have remembered and we recall today the words of our Chief Executive, written at its beginning:

"'We shall win this war, and in victory we shall seek not vengeance but the establishment of an international order in which the spirit of Christ shall rule the hearts of men and of nations.'"

Limited Mail Service Resumed with Switzerland

Postmaster Albert Goldman announced on Nov. 7 that information has been received from the Post Office Department at Washington that limited mail service with Switzerland is resumed effective Nov. 7, 1944. The advices state:

"Letters weighing not more than one ounce, and postcards, will be accepted when addressed for delivery to civilians in Switzerland. The postage rate is five cents for a letter and three cents for a postcard. Registration, money order, air mail and parcel post services are not available at this time. Existing regulations regarding prisoner-of-war mail are not affected by the Postmaster General's order."

International Business Conference Reports

The International Business Conference, with representatives of organized business from 52 nations which assembled at Rye, N. Y., on Nov. 10, concluded its deliberations on Nov. 20 and issued, through its Sections, eight final reports as follows: (1) Report of Private Enterprise Section; (2) Raw Materials and Foodstuffs; (3) Encouragement and Protection of Investments; (4) Industrialization in New Areas; (5) Currency Relations Among Nations; (6) Transportation and Communications; (7) Commercial Policy; (8) Cartels.

The conference was sponsored by the four leading American organizations of business men comprising the American Section; International Chamber of Commerce; the Chamber of Commerce of the United States; the National Association of Manufacturers, and the National Foreign Trade Council. The conference was entirely non-political and its representatives were chosen from non-governmental business organizations, except in the case of Russia, which sent "observers" who took no part in the proceedings.

The following are the texts of the reports of the principal Sections of the conference:

Report of Private Enterprise Section

The deliberations of the Private Enterprise Section were based upon the premise that private enterprise is the right of the citizen, as an individual, or jointly with others, to set up in business for himself—to venture his personal efforts and capital; to own, use and risk the mechanical and other means of production. The reward of success is not only profit, but increased employment and prosperity for all. The penalty of failure is not only the loss of what has been ventured but also the loss of employment with consequent injury to the general economy. Nothing else than this can provide the incentive to that initiative and efficiency upon which economic progress is built. The processes of exploration, research, invention and experiment are all characteristic of free private enterprise.

The consensus of opinion of the Section is that the private enterprise system is the best known means of bringing about effective world prosperity and employment, of securing and maintaining world peace, thereby assuring a higher standard of living for all peoples. Accordingly, it is urged that governments recognize and adhere to the principles of private enterprise, which are:

1. Equality of opportunity;
2. Equality under law;
3. Reward for initiative;
4. Privilege for thrift;
5. A tax structure that encourages incentive and risk;
6. Restriction of monopoly;
7. Abstinence of Government from competition with private business;
8. Freedom of production and sale;
9. Equitable distribution of profits with consumers' and labor's interest safeguarded to the end that more and more things may be supplied to more and more people, thereby producing maximum employment at the highest possible level of wages;
10. Government—under law—that will provide encouragement to business through provision of an economic atmosphere in accord with the above principles.

It is recognized, however, that in some countries State control of certain enterprises has long existed and can probably continue without harmful effect on their own national economy, but that extension of such control into new fields is neither desirable nor necessary.

The post-war policies of the governments of various countries, especially those that are underdeveloped or have been occupied by the Axis Powers, may be influenced in large measure by their own economic necessity. The Section realizes that under times of extraordinary emergency it may in all wisdom be proper to control the free play of private enterprise and initiative. Such emergency suspension being in violation of principles must, however, be for a specific purpose and of limited duration and should never be permitted to annul or be substituted for the basic requirements of a continuing system of private enterprise.

To restore private enterprise to its proper place in national economies and to assure its greatest possible development and expansion, the delegates strongly urge continuance of the cordial international relations which have characterized this conference.

As a means to this end they unanimously suggest that an international organization actively undertake measures designed to bring about the restoration and the development and expansion of private enterprise.

The Section agrees that in view of its existing world-wide affiliations the International Chamber of Commerce is a suitable nucleus of such an organization which could undertake these measures, and its status should be formally recognized by the Governments of all nations. However, it is strongly recommended that becaues of the very important position which it occupies in the Western Hemisphere, the Permanent Council of American Associations of Commerce and Production should be an active participant in the program and that these two organizations work out effective means of collaboration.

It is the recommendation of the Private Enterprise Section that steps be taken immediately to put the aforementioned proposal into action as it is believed that such a program would increase international trade and bring about better and closer international economic relations.

Addendum to Private Enterprise Section Report Presented by the U. S. Delegation and Added by Vote of the Plenary Session—The American delegation is wholeheartedly committed to private enterprise in preference to government enterprise; to free enterprise in preference to controlled enterprise; and to competitive enterprise in preference to monopolistic enterprise. This is because the American people proudly cherish in their hearts the traditions of self-reliance, liberty and equal opportunity which are involved in those preferences and which have been the fundamentals of their political and economic system.

We think this is best for us as a nation. We frankly acknowledge that other nations may follow other courses than the one we take. Our course, as we see it, is to produce freely and trade among our various communities as we always have, as private enterprisers, and in that capacity and in that spirit to trade with other peoples in other lands in so far as may be, without handicap or prejudice or discrimination. To the extent that other nations' economic policies differ from our own, difficulties may arise; to the solution of these difficulties we pledge our earnest attention and cooperation; but we cannot conscientiously part with our birthright, in so far as concerns our own participation in international trade.

We recognize that in our own short history the principles on which our American concepts are based have been broadly applied to accommodate the expansion of Government functions and controls. The public attitude toward these compromises has not been static — many divergences from these principles have been urged and accepted as clearly for the nation's good, or as emergency measures. Yet the fact is clear that in America today enterprise is more solidly in private hands, that here it is freer, and that here it is more truly competitive, than in many other lands. And to this, we believe, is due the superb vitality which has enabled our nation to perform the American miracle of production over the years.

The basis of private enterprise is the right of the citizen, as an individual, or jointly with others, to set up in business for himself—to venture his personal efforts and capital; to own, use and risk the mechanical means of production. The reward of success is profit, and the penalty of failure is the loss of what has been ventured. Nothing else than this can provide the incentive to that initiative and efficiency upon which economic progress is built. The processes of exploration, research, invention and experiment are all characteristic of free private enterprise.

And without such economic freedom, without substantial freedom of the individual to seek his living where he can find it, and to venture his means where profit seems likely, and to be obliged to no man for this—without these it is pure delusion to imagine that political freedom, even if it exists, can long endure. As Benjamin Franklin said, as long as ago as 1759, "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety."

We hold that for us no further ground should be yielded to State activities or controls, unless the ends to be served are clearly in the interests of all, and reconcilable with our basic concepts.

We do not, therefore, accept the necessity of Government devoting its resources to or engaging in business enterprise; the resources of Government are but the resources of the citizens, and in this area its activity is inherently competitive with theirs.

We believe that controls which are adopted as emergency measures cannot be allowed to be exercised longer than the emergency itself, without serious damage to economic health.

Government cannot create wealth apart from the wealth of the governed, or provide for the needs of all its citizens as well as these citizens can themselves provide. We believe that Government can best serve by providing a maximum of opportunity for the individual. We believe, moreover, that this is wholly consistent with Government providing some reasonable level of individual security. But in the last analysis a reliable basis of security for the individual, commensurate with our American standard of living, can be provided only by the individual enterprise, energy, and productivity of the people themselves.

Report of the Section for Encouragement and Protection of Investments

1. Economic Justification for Export of Capital — Investment capital should have as a related purpose the ultimate economic improvement of the peoples of the recipient country. Creditor countries can justify foreign investment only by a reasonable expectation of an ultimate return in the form of goods and services in a commensurate amount. To accomplish this the creditor country must endeavor to reduce obstacles which may impede the importation into the creditor country of goods and services. Creditor countries should recognize that borrowing countries have the right to safeguard their national resources from wasteful exploitation, by sound principles of conservation.

2. Social Objectives of Capital—Whenever foreign private companies make investments of capital in underdeveloped areas, the social purposes and effects of such investments should receive every consideration. Account should also be taken of the social and labor laws in the recipient countries and endeavors should be made to improve further the health and standard of living of the local people.

Both borrowing and lending countries should recognize the mutuality of their interests, to insure against discrimination and unfair treatment on the part of the borrower, and selfish exploitation on the part of the lender.

3. Nature of Investments—Private enterprise in the past has assumed, and justly so, the responsibility of making capital available, where needed, for the development of latent resources, transportation and communications facilities and for industrialization. The extension of public capital in the form of Government loans or credits may be advisable under special conditions, when confined to considerations of national defense or public welfare.

When private capital from one country is invested in another country it is strongly recommended that consideration should be given to association and coparticipation with local capital. This participation should not be required by law, because such restrictive legislation may have the effect of turning venture capital away.

Special attention should be given to the policy of industrialization of countries possessing adequate conditions for the building of their own manufacturing structure.

4. Treatment of Foreign Capital—Nations in the early stages of industrial development usually require the assistance of foreign capital in developing their raw material resources, establishing and extending communication facilities, and initiating the process of industrialization. Nations which need foreign capital to strengthen and diversify their economy, and which seek it intelligently, will make a conscious effort to attract capital and give it adequate protection. This can be done by establishing records of fair treatment for the foreign capital which already has been incorporated into the national life. This means abiding by the terms of existing contracts and concessions and refraining from taking arbitrary unilateral action in connection therewith; avoidance of retroactive legislation prejudicial to foreign investment interests; consistent and unbiased interpretation of laws; affording foreign capital the same rights and privileges as those enjoyed by local capital, and avoidance of discriminatory tax policies.

No property should be expropriated without adequate compensation. Confiscation on racial or religious grounds is condemned.

The expectation of obtaining an adequate return in his own currency is the inducement which leads the private investor to employ his capital in foreign countries. Fluctuating exchange rates, multiple currency practices, and arbitrary or unnecessary foreign exchange restrictions hamper the flow of investment capital across international boundaries. It is recommended that freedom of exchange in connection with the transfer of capital be safeguarded. Governments should limit themselves to a policy of supervision.

The heavy impact of taxation, at the high rates which now prevail and conceivably will prevail after the war, is a definite obstacle to capital accumulation. This effect is aggravated in international investment by uncertainties and inequities in legislation and administration. It can be mitigated, and foreign investments encouraged, by sound principles of taxation, consistently followed in practice. To provide reliable assurance of relief from double, extraterritorial and discriminatory taxation, it is urged that comprehensive tax treaties be concluded between friendly countries, equitably defining the taxing sphere of each, and implemented by clear and simple legislation in each country.

To establish a tax regime which is economically sound and constructive, international business conducted in any country should be taxed as is other business in that jurisdiction, irrespective of ownership. There are two applications of this principle which are important: First, the host country should not impose unduly burdensome taxes on foreign capital or on its returns, since such impositions on imported capital operate like a tariff and tend to increase the "price" of all capital to its nationals, and may thus readily become a deterrent to natural development and expansion. Secondly, the country in a position to export capital should not levy additional taxes upon interest, dividends and earnings received from abroad. Such additional taxes reduce or eliminate the incentive to foreign investment by its nationals, and place them at a disadvantage in competition with capital from some other nations, or with local capital.

Foreign investments which are not correlated with the most advanced methods of utilizing capital fail to realize full productivity for the importing country. Operating efficiency must be maintained through the selection of the best available technical and administrative personnel, be they local residents or foreigners. If exported capital is detached from the technical skill for its efficient application, both parties to the transaction fail to realize its full benefits. The owners of the capital fail to benefit from its full productivity, and the importing country does not obtain the output possible under competent administration. Countries which import capital should not impose restrictions on its technical application nor limit the foreign personnel for its effective use, wherever the necessity can be justified.

The restoration to rightful owners of title to properties or interest therein should be a precedent to any settlements reached by the United Nations with the Axis Powers. Furthermore, as enemy, or enemy-occupied territory is conquered or liberated, property owned by citizens of allied or neutral nations should be restored to its owners at the earliest possible moment, with every effort being made to avoid a lengthy period of Government operation and control. Where property has suffered loss of value from acts of the enemy or other acts of war, the conditions imposed upon the Axis Powers should assure that the rightful owners receive satisfactory compensation. Prior to the final determination of such conditions, the United States and other Allied Governments are urged to give consideration to the views of potential claimants.

It is recommended and urged that frozen assets held by Allied Nations, in the names of private citizens of allied and neutral nations, be released and turned over to the rightful owners as quickly as possible following the liberation of the occupied countries. This recommendation would apply to all such assets except those in which enemy citizens might have an interest. In any instance where an enemy interest is indicated, careful study should be made to ascertain the rightful owner beyond a reasonable doubt before releasing the assets in question.

5. Code of Fair Practice—As contributing to these purposes, we recommend that this conference urge the adoption of an international code of fair practice and business ethics, and we recommend including in such a code such of the foregoing points of policy and procedure as may be pertinent.

Addendum to the Report on Encouragement and Protection of Investments Added Unanimously by the Plenary Session on Motion of Mr. Guinness, Chairman of United Kingdom Delegation—Although a detailed examination of the mechanism of the International Bank for Reconstruction and Development, proposed at Bretton Woods, was not made by the Section, opinion was expressed that such an institution would be an encouragement to sound international investment in the post-war period by giving protection to both borrower and lender.

Report of the Section on Industrialization in New Areas

A high living standard anywhere in the world can be realized only through increased consumption. Increased consumption requires increased production and the delivery of the fruits of that production into the hands of the consumer at prices he can afford to pay. The people of any nation can prosper and develop their own well-being only by making more effective use of their own national resources, whatever those resources may be. The bounties of nature are where we find them, and if these bounties are to be used effectively in raising the standard of living everywhere, production in each nation must be supplemented and supported by international trade and exchange.

Increased production, increased trade, and increased consumption are the realities through which men can win freedom from want and freedom from fear. Through these realities people everywhere can realize the universal demand for a chance to work in peace and security. The great opportunity that the age of power and tools has given us lies in the increased ability of the peoples in every land to make more of the things they need for themselves and to get from others whatever "good bargains" are available for their own use. This means that each nation must seek to increase its own productive capacity to the greatest degree made possible by the resources it possesses or can develop, and that this productive capacity must be used, either directly or through international trade, as the basis for increased consumption.

Those nations which possess experience in industrial techniques, and which have capital available for investment and lending abroad, have a vital and critical part to play in the post-war international trade world. This part lies both in the field of international trade itself—the multilateral interchange of goods and services among the nations of the world—and in the field of active and constructive participation in the increased industrialization which is inevitable in many lands. The part of any capital-exporting country in the process of world industrialization can best be realized through the exercise of sound judgment in the investment of capital in productive foreign enterprise, and the projection of managerial and technical skills to support it and give it effect.

As the countries of the world improve themselves economically, as they increase their productive efficiency, as they expand their purchasing power by developing their resources, the pattern of world trade will change, but the whole tempo of trade and industrial activity in all areas will increase. The benefits of increased industrialization throughout the world are therefore recognized as applying not only to the areas where such increased industrialization occurs, but also to the world at large, including countries already heavily industrialized.

In treating with this question of increased industrialization, the scope of our consideration embraces industrialization of underdeveloped countries, modernization or expansion of existing industries, and the longer-term reindustrialization of devastated areas. It is recognized that considerations of humanitarian relief and immediate rehabilitation of devastated areas have a prior claim on whatever resources are available. Industrialization, as discussed by this Section of the Conference, should be understood to mean the progressive modernization of the means of production of those things which are essential to improved living standards. In this field there is much opportunity for cooperative effort and mutual benefit.

Mutual benefit is the only proper basis for the movement of capital from one country to another for purpose of industrialization. Capital will not move from the lending or investing country unless there is a reasonable assumption that it will be safe from discrimination and confiscation and productive in the country of its destination. The capital-exporting country should minimize obstacles in the way of servicing and repaying the foreign investments of its nationals. The capital-importing country should accord fair and equitable treatment to foreign capital and recognize its right to earn a reasonable return. The foreign investment interests, on their part, operating within the framework of the laws of the country in which their investments are made, should seek to contribute to the social and economic welfare of the country receiving the investment.

An important factor to be considered in this connection is the rate at which industrialization can be undertaken within a given country. Neither the undue ambitions of relatively undeveloped countries nor the unbridled enthusiasms of some individuals and groups in the more advanced industrial countries should be allowed to overcome good judgment. The peoples of underdeveloped countries may legitimately look forward to an increasing development of their own industries based upon the use of their own natural resources and supported by their own productive labor, even though this may result, in certain instances, in higher costs. In seeking to expand their industrialization, from the standpoint of their social standards, they may elect to pay, in some cases, a somewhat higher price for the goods they produce than the price at which such goods could be imported. This is understandable up to a point, but the price can be, and often is, too high. No country can be self-sufficient in all things, and efforts to become so through premature or overambitious steps may result in imposing an intolerable burden on the domestic economy. No nation should deprive itself, for reasons of pride or ill-conceived social gain, of the many "good bargains" which other countries can provide.

An important factor in this consideration is the ability of any national economy to absorb a program of industrialization in step with a balanced development of its whole economy. Economic dislocation will inevitably occur if too much industrialization is attempted too soon. The rapidity with which increased industrialization can be undertaken in different countries will vary according to the different conditions prevailing. Too rapid an expansion of industry, when artificially stimulated, will bring profound economic dislocations and may have highly dangerous social consequences.

Another consideration is the exercise of selectivity by industrially advanced countries in the assistance they extend to the industrialization of new and underdeveloped areas. Tools, capital, materials and technicians are not unlimited in their availability, and should be so employed as to give priority to projects of first importance.

It is recognized that a capital-exporting nation must relate the amount of its capital exported to the magnitude and internal balance of its own economy, and to the prospect for eventual importation of the goods and services required to substantiate the loans, credits or investments made.

Countries seeking increased industrialization should recognize that the success of their efforts will largely depend on:

a. Raw materials of proper quality and quantity and at competitive prices.

b. Adequate and reliable sources for the economic production or purchase of power.

c. Availability of national or foreign management, and of labor, with the necessary degree of skill.

d. Labor laws and administrative practices which are fair and reasonable.

e. Markets which are sufficiently broad and available.

f. Tax systems and administrative regulations which permit the hope of earning and retaining an adequate return on capital.

g. Access on equal terms, and without restriction, to sufficient foreign exchange to provide funds for interest and amortization payments on loans and dividends on equity capital.

h. Overall unit production costs which permit profitable operations.

Any program of industrialization requires, as a first essential, adequate capital and efficient plant and equipment. Equally essential, however, is the application of management technique and "know-how" to make continuing and effective use of the facilities provided. To this end management and technical personnel from the capital exporting country should be admitted freely to the country undertaking industrialization, and accorded equality of treatment with locally employed personnel. It is important that local personnel be trained as rapidly and efficiently as possible to participate in the managerial and technical responsibility. The education and training of such local personnel should be extensively undertaken in the capital-exporting country, where the required techniques and "know-how" have their origin.

Underlying all of these considerations, and of vital importance to any program of industrialization undertaken in any country, is the need for internal stability and justice in the country in which industrialization occurs, and for a world structure which will guarantee international security and peace. These purposes, as business men, we call upon our governments everywhere to strive to assure.

As contributing to these purposes, we recommend that this conference urge the adoption of an international code of fair practice and business ethics, and we recommend inclusion in such a code of such of the foregoing points of policy and procedure set forth above as may be pertinent.

Statement Read by Dr. Alexander V. Dye, on Behalf of Eugene P. Thomas, Presiding Officer at the 2:30 p. m. Plenary Session, Friday, Nov. 17—The supplemental statement submitted after the report yesterday of the Private Enterprise Section, and the additional statement made by the British delegation at this morning's session made it desirable to say that although any plenary session may make its own rules and regulations, it should be clearly understood that the purpose of the sponsoring organizations in calling this International Business Conference was to enable the business men from many nations who are attending the conference to exchange views and information.

It was clearly stated in the invitation to attend the conference that it was not the purpose of the conference to adopt resolutions, or to make common declarations of policy.

The Section reports rendered at the plenary sessions may, or may not, represent unanimous opinion. In some cases additional statements made by various delegations have been added in the plenary sessions, as an expression of the views of that delegation.

The Chairmen of the Sections presenting the Section reports to the plenary sessions have indicated, and will indicate, the extent of accord regarding the reports submitted.

As to the additional statements made by various delegations in the plenary sessions, these represent the views of the delegation presenting them; and any delegation voting to include such additional statements is not thereby bound to the views therein expressed.

Extracts from the Remarks of Henry F. Grady, Chairman of the United States Delegation at the Opening of the Afternoon Session, Nov. 17, 1944—". . . . We want to make it clear that, while our delegation is free to take a position, that does not mean we are against anything that happened at Bretton Woods. The reason is that, as a business group, we must take into consideration what may be the views of the important groups in the United States now studying this matter. As a matter of fact, the American Bankers Association, the National Foreign Trade Council, and the New York State Bankers Association are all studying this matter. We feel it would be presumptuous for us to take a position without having the benefit of the studies of these groups.

". . . . Let us not judge the results of this meeting from the standpoint of tangible results. We feel we have done much to bring the opinion of the world together on the vital international economic questions even if we had not come to an exact agreement of minds."

Extracts from the Remarks of Arthur Guinness, One of the Chairmen of the United Kingdom Delegation—". . . . I would, as one of the Chairmen of the British delegation, like to associate myself with the words of Mr. Grady. My understanding is that no resolutions are being passed at this meeting, that the reports submitted by each Section to the plenary sessions are reports or summaries of the actual work done in the sessions.

"When 52 nations get together, how can we expect to get exactly similar ideas? What we should set out to do is to ascertain the areas of agreement.

". . . . We are the representatives of private enterprise, firmly backing the idea of the enterprise of the individual, and the thing that amazes me is that there is such an area of agreement, considering our very different positions.

"This morning, in asking an addendum to the monetary report, we thought a mention of the International Bank should be included. We never felt that a vote for the addendum meant a vote for the bank. It was simply to place the British view on record."

Report of the Section on Currency Relations Among Nations

The Section on Currency Relations Among Nations held four sessions and heard statements and discussions from the majority of the delegates present. Some of the statements were concerned with the special problems faced by the individual countries, most of them dealt with broad aspects of post-war monetary reconstruction. It was the feeling of the Section that the discussion should not concern itself with the intricacies of monetary technique, nor with problems which, though very important, are special issues that must be faced by individual countries on account of their particular situation. Attention was therefore primarily devoted to basic policies and to the broad framework within which the world economy, and especially its monetary mechanism, is to be rebuilt. Throughout the discussions there reigned the spirit of mutual understanding and of international good will.

The Section surveyed the problems of international monetary organization, with reference to the Bretton Woods proposals and to alternative plans and suggestions; it then moved on to the discussion of problems of monetary standards that it might be desirable to adopt after the war, and other problems incident in the workings of international monetary relations. It was the general feeling that the world should keep gold as a monetary metal and use it as a constituent part of the post-war monetary system. That system might depart in certain particulars from the older forms of the gold standard but should eventually be characterized by stable parities between currencies and by the freedom of international payments. It was felt that transitional period would be necessary after the end of hostilities before an international monetary system could be fully organized. It was fully recognized that a stable exchange relationship between the U. S. dollar and the pound sterling is an essential condition of international monetary stabilization.

References were made, to the need for domestic measures, in the several countries, to bring national economies into equilibrium. It was recognized that such domestic policies would be required for the achievement of stable monetary and commercial relations among nations. What domestic measures would be appropriate to the problems of individual countries was not dealt with in detail.

The immediate post-war years will be fraught with difficulties and many obstacles will have to be overcome before a new world economy emerges. These transitional situations leading from war to peace received recognition in the work of this Section. Reference was frequently made to the plight of countries which underwent the ordeal of enemy occupation, and to the financial problems inherited from the war, such as that of blocked balances, which will best be solved by friendly cooperation based on mutual confidence and understanding.

A great deal of emphasis was placed by the several speakers on the need for a large volume of trade freely moving throughout the world. Indeed, it was the general sentiment of the Section that monetary measures alone would not be sufficient to create and maintain international monetary stability, but that they would have to be based upon the firm foundations of a liberalized trade. While it has been acknowledged that problems of commercial policy were being dealt with by another section of this Conference,

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the close link between freer trade and monetary stability was stressed throughout our debates.

Report of the Section on Commercial Policy

The objective of commercial policies of nations should be the raising of the standard of living of all peoples. The increase in agricultural and industrial productivity has in modern times reached a point where this objective is within the bounds of possibility. This Conference of Businessmen could perform no more useful task than to suggest means by which private enterprise can make material contributions toward the attainment of this end.

The restoration of a multilateral trading system permitting the resources of the world to be utilized in the most efficient manner is an indispensable condition for the raising of the standard of living of all peoples. By removing barriers to trade all countries will be contributing to the expansion of production, employment and exchange and consumption of goods which in the words of Article VII of the Mutual Aid Agreements "are the material foundations of the liberty and welfare of all people."

In the post-war transition period many of the restraints to which production, distribution and consumption have been subjected during the war period may have to be retained, particularly in those countries which have suffered severely during the war. It is essential, however, that this period should not be prolonged to a point where control is maintained for control's sake. Further, the legitimate aspirations of many countries, especially those predominantly agricultural, to diversify their economy by developing appropriate industries, should be recognized. The protective measures necessary for the furtherance of such a policy should, nevertheless, have regard to the general economy of the country concerned and to the repercussions on the economy of other countries. For reasons of national security certain countries may also insist on maintaining key industries supported by protective measures of one kind or another. Here, too, the dangers of exaggerated nationalism should not be ignored.

Apart from those exceptions to the general principle of freer trade, it is necessary to recall the many hindrances to international commerce which characterized the period between the two wars. Their name was legion: high tariffs, import embargoes, quotas, government subsidies, foreign exchange restrictions, and the like. Most, if not all of these, sprang from the difficulty in which nearly all non-aggressive, peace-loving countries found themselves, of establishing and maintaining a balance in their international accounts. This problem of the balance of payments has engaged the attention of another section of this Conference but it is essential to emphasize that a sound commercial policy is closely dependent on a satisfactory solution of the question of each country's international solvency. The decisive influence on world trade exercised by the level of economic activity in the major industrial countries deserves increasing attention. Prosperity or depression in those countries is all pervasive. A particular responsibility, therefore, rests on them to curb the undue fluctuations which have hitherto characterized their economies.

In order to achieve the objective of freer trade and to remove so far as possible the obstacles in our path, this section recommends:

(1) The concluding of a Multilateral Trade Convention, to which all countries might adhere committing the contracting parties to:

(a) The progressive lowering of tariff barriers:

(b) The elimination of quotas and import embargoes;

(c) The adoption in letter and spirit of the most favored nation clause in unconditional and unlimited form as a general principle to be incorporated in all commercial treaties;

(d) The abandonment of discriminatory trade practices, particularly those leading to closed trading systems;

(e) The abandonment of national sales and production monopolies, which, in effect discriminate against foreign producers.

(2) The concluding of Treaties of Commerce for periods of at least ten years to enable persons engaged in international trade to make long term provision for production and marketing.

(3) An International Economic Charter between Governments formulated if possible, by the Multilateral Trade Convention which would incorporate the provisions of these treaties with additional provisions covering certain other aspects of commercial policy. Such an instrument would assure an equality of trading opportunity and freedom from discrimination.

(4) An International Economic Organization, which would be entrusted with the task of supervising and coordinating national commercial policies from an International angle in accordance with the provisions of Economic Charter.

(5) That Governments, particularly of creditor countries, should strive to find ways and means of increasing imports into their countries so as to enable debtor countries to meet their obligations.

(6) That Governments should seize the opportunity presented at the conclusion of hostilities by the world-wide demand for goods and services to establish through a liberal trade policy conditions which will lay the foundations of a broad and expanding world trade, and by taking action in advance of an expected upward movement in the trade cycle to mitigate many of the difficulties of the transition period from war to peace.

Addendum to Commercial Policy of Nations Section Report, Moved by Sir Chunilal B. Mehta, Chairman Indian Delegation, Accepted by Vote of the Plenary Session—It is recognized that economic competition in world markets for disposing of a country's surplus, by giving a subsidy thereby enabling the exporters of surplus countries to compete in world markets, is not desirable.

Report of the Cartel Section

1. We attempt a definition of what we are considering. This might be:

Agreements—either between independent private parties or between governments, or both, which provide, in respect of commodities and raw materials the subject of international trade for all or any of the following:

Regulation of production
Orderly marketing
Coordination of prices
Exchange of technical "knowledge" and experience and of patents where they are connected with production or marketing schemes.

This definition is designed to cover international commodity agreements as well as agreements covering semi- or fully-manufactured products.

2. We note the extent to which such agreements operated in world trade before the war.

It is reasonable to say:

(a) that a substantial part of world trade before the war was conducted under such agreements; but

(b) in the absence of accurate statistical information it is difficult to form a definite view on either the volume or flow of trade affected by them.

3. There are two main opposing views:

The view of those who hold that such agreements, whether private or governmental:

Limit trade
Discourage competition
Raise prices
Retard development
Prejudice national security and economy and,

where they are between independent private parties, privately control the direction of trade.

The view of those who hold that such agreements

Promote the exchange of technical information and patents
Improve quality
Lower costs and,

by keeping supplies at a level which will satisfy and stimulate demand,

Maintain and increase employment
Further peaceful relations in trade
Enable living standards to be raised
Open and expand markets in an orderly and progressive manner.

4. It is the sense of the Section that it is essential to preserve the benefits of such agreements, and to avoid their use in a manner which is contrary to the public interest of any nation.

We therefore strongly recommend that the governments concerned, in association with their respective business interests should immediately take steps continuously to study and consult together on the various issues raised and, in particular, to consider the effect of such agreements in relation to:

Employment
Standards of living
Industrial development
Prices
Volume and flow of trade.

Further, it is vital to economic cooperation between nations, that they reconcile their views and practices in regard to these agreements over as wide an area as possible and establish rules and standards to govern such agreements in international trade.

Ton-Miles of Revenue Freight Increased 2.6%

The volume of freight traffic handled by Class I railroads in October 1944, measured in revenue ton-miles, amounted to approximately 63,500,000,000 ton-miles, according to the Association of American Railroads. This was a decrease under October, 1943, of 2.6%.

The class I railroads in the first nine months of 1944 performed 2.3% more revenue ton-miles of service than in the same period of 1943. The 1944 total was 18% greater than 1942 and 2¼ times the ton-miles volume of the first ten months in 1939.

The following table summarizes revenue ton-mile statistics for the first ten months of 1944 and 1943 (000 omitted):

	1944	1943	% Chge.
1st 8 mos.	495,773,012	478,773,954	+3.5
Mo. of Sep.	*61,000,000	62,545,917	—2.5
Mo. of Oct.	†63,500,000	65,225,870	—2.6
1st 10 mos.	620,273,490	606,545,741	+2.3

*Revised estimate. †Preliminary estimate.

Sproul of Reserve Bank in Circular on 6th War Loan Warns Banks on Credit Abuse

Calling attention not only to the request of the Secretary of the Treasury that banks aid in the elimination of speculative subscriptions for Government securities in the 6th War Loan Drive, which opened on Nov. 20, Allan Sproul, President of the Federal Reserve Bank of New York, also on Nov. 13 warned against an abuse which appears "to be developing in connection with war loan deposit accounts" as to which he says:

Apparently some banks have solicited sales of outstanding securities, either directly from customers or through the Government securities market, with the understanding that the sellers will use the proceeds of such sales to pay for subscriptions entered through these banks for substantially equivalent amounts of new securities offered during the drive. The initiative has also come from present holders of securities, who wish to sell the securities to a bank, with the same understanding with respect to a subsequent subscription to be made through the bank. In either case the banks appear, in effect, to be purchasing the privilege of creating war loan deposit balances, an undesirable practice in itself and one which exaggerates natural adjustments in security portfolios.

Mr. Sproul adds:

Ample provision has been made in the Sixth War Loan Drive for the sale of securities to investors who have accumulated funds, who can pay out of current income, who can pay with the proceeds of normal portfolio adjustments, who wish to borrow and buy in anticipation of future income, or who can use a deferred payment plan. Every effort should be concentrated on making the maximum amount of sales to such investors.

Specifically, you are requested:

1. Not to make loans to facilitate speculative purchases of Government securities;

2. Not to make loans for the purpose of acquiring indirectly, for your own account, securities offered in the drive to non-bank subscribers; and

3. Not so solicit sales of outstanding Government securities, either directly from your customers or through the Government securities market, with an understanding that the sellers will use the proceeds of your purchase to pay for subscriptions entered through your bank during the drive.

The twelve Federal Reserve Banks are endeavoring to obtain the utmost support from the banking community for the Treasury's policies with respect to speculative subscriptions and the use of war loan deposit accounts, so that there may be uniform treatment of subscribers throughout the country. The banks of this district have cooperated in similar efforts during past drives. By continuing to do so, they can help to assure the real success of the Sixth War Loan.

In the earlier portion of his letter of Nov. 13, addressed to the banking institutions in the New York Reserve District, Mr. Sproul said:

The Secretary of the Treasury has requested the banks of the country to aid in the elimination of speculative subscriptions for Government securities during the Sixth War Loan Drive which begins November 20, 1944. The principal objective of the drive is to sell as many securities as possible to non-bank investors, who will retain their investment unless there arises a pressing and urgent need for its liquidation. Banks can help achieve this objective by continuing to give their enthusiastic support to the sales program of the War Finance Committees of the district, by declining to make loans to their customers, or others, which will permit speculative subscriptions for the marketable obligations offered during the drive, and by discouraging subscriptions made in anticipation of quick resale after the close of the drive.

A procedure has been formulated for dealing with speculative subscriptions. It was set forth in a letter addressed to all banks by the Secretary of the Treasury, under date of November 1, 1944, and was part of the information concerning the Sixth War Loan Drive included in this bank's Circular No. 2857, also dated November 1, 1944. You are asked to examine subscriptions for marketable issues presented through your bank to see if the amounts of such subscriptions are in excess of the ability of the subscribers to pay for the securities. If, in your opinion, subscriptions are in excess of ability to pay, or appear to have been submitted for the purpose of acquiring securities for resale shortly after the drive, you are requested to submit a statement of the circumstances and all available information to the Federal Reserve Bank of New York, as fiscal agent of the United States, for the attention of the Securities Department. This bank will then send you instructions, as promptly as possible, as to the disposition to be made of each case.

Earlier reminders by Mr. Sproul to dealers and brokers in the local Reserve District relative to loans to finance war bond purchases, were noted in our Nov. 9 issue.

Cotton Spinning for Oct.

The Bureau of the Census announced on Nov. 18 that, according to preliminary figures, 23,138,762 cotton spinning spindles were in place in the United States on Oct. 31, 1944, of which 22,228,138 were operated at some time during the month, compared with 22,279,574 for September, 22,240,676 for August, 22,289,904 for July, 22,373,494 for June, and 22,599,574 for October, 1943. The aggregate number of active spindle hours reported for the month was 9,486,971,017, an average of 410 per spindle in place, compared with 9,380,598,254, an average of 404 per spindle in place, for last month, and 10,069,362,601, an average of 432 per spindle in place for October, 1943. Based on an activity of 80 hours per week, cotton spindles in the United States were operated during October, 1944, at 117.4% capacity. This percentage compares, on the same basis, with 122.3 for September, 116.3 for August, 115.5 for July, 118.5 for June, and 129.5 for October, 1943.

Mail for War Prisoners

Announcement was made on Nov. 9 by Postmaster Albert Goldman that according to information received from the Post Office Department at Washington the War Department has advised it is no longer necessary for persons in this country to wait to be informed of the prison camp in which an American prisoner of war is confined in order to send correspondence to him.

Letter mail for such persons may be addressed in the following form: Rank and name, U. S. Prisoner of War in Germany, c/o International Red Cross Directory Service, Geneva, Switzerland.

The advices add that the above address should not be used for letters after a definite camp address has been furnished, and no parcels may be sent until a definite camp is received.

The State of Trade

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July 1, 1940, to Oct. 31 of this year were $229,600,000,000.

Living Costs Up In October—The National Industrial Conference Board reports that October living costs for the average family of wage earners and low-salaried clerical workers in the United States advanced 1/10th of 1% from September. The conference pointed out that the increase brought living costs back to the August level.

Business Failures in October—Business failures in October were lower in number and amount of liabilities involved than in September. When compared with October a year ago, the number of failures is smaller, but the amount of liabilities involved is larger. Business insolvencies, according to Dun & Bradstreet, totaled 74 and involved $3,819,000 liabilities as compared with 75 in September involving $4,065,000 liabilities and 169 involving $3,785,000 in October a year ago.

Weekly Business Failures—Business failures in the United States for the week ended Nov. 16 decreased to 13 from 22 in the preceding week, and compared with 29 a year ago, according to Dun & Bradstreet.

Commodity Price Index—Bureau of Labor Statistics weekly index of commodity prices at the primary market level rose 0.1% during the week ended Nov. 11 to the highest point reached since the end of June. This was announced by the U. S. Department of Labor on Nov. 16, which further stated: Continued seasonal advances in prices for fruits and vegetables and for eggs accounted for the rise. The increase brought the all-commodity index to 104.1% of the 1926 average. In the past four weeks average prices for these commodities have risen 0.3% and are now 1.3% higher than at the same time last year.

Steel Industry—"Swept by the tide of orders placed and commitments made in the past two weeks, the early 1945 steel production pattern has been clarified. Steel makers this week are in possession of production probabilities which leave them somewhat less in a quandary than was the case a few weeks ago. Furthermore, grounds for more optimism on an orderly reconversion period are found in the statement by Hiland Batcheller, WPB chief of operations, who in New York this week pledged that the WPB would soon give to all industry, in advance, the blue-print of streamlined regulations which would become effective when Germany is defeated," states the "Iron Age," in its November 16 issue.

Contrary to reports from other centers, many civilian industries in the Chicago district have made definite commitments as to the type and quantities of material they will require as soon as restrictions on production are removed.

Barring unexpected developments in the European war, shell steel will replace plates as the controlling factor in the steel product mix. Plate directives are expected to be cut further as maritime demand continues to drop, recent reports indicating that the Maritime Commission's steel needs for the first quarter of 1945 will be roughly about one-half of what they are for the fourth quarter of this year.

With a drop in plate commitments, the steel industry will be in a better position to consider the mass of sheet orders which have drifted high on mill order books in recent weeks despite substantial cancellations.

The Office of Defense Transportation has asked the WPB to give the railroads 2,400,000 tons of their requested 2,900,000 tons for the 1945 rail program, of which 600,000 tons is asked for in the first quarter. With a cut of nearly 20% from the requested railroad requirements placed before it, states the magazine, it is difficult to see how WPB can shave this request much further, particularly in view of the fact that the 1944 ODT rail request was slashed. Notwithstanding this, the rail program will also be in direct competition with shell steel and structurals and if further pressure is exerted, it may feel the axe.

Warehouses are again building up inventories with WPB's blessing, one major warehouses interest currently being in the market for about 20,000 tons of various products. Almost alone among consumers holding allotments, the farm implement industry is outstanding in its willingness to make commitments beyond the first quarter.

Cancellations within the past several weeks have been an important factor in the steel market. One mill has been piling up as much as 500,000 tons in that category with delivery spread out well into 1945. Termination of such business is proceeding in good order with at least 75% of the terminated contracts either settled or applied to other orders.

The only major war production program which will get strong emphasis in the future, states "The Iron Age," is the heavy artillery shell requirement. Three large shell producers are yet to come into production and others are currently getting under way.

The trend in scrap prices this week appeared to be definitely upward, but the magnitude of this movement is still to be determined. Heavy melting steel and associated grades are higher at Pittsburgh. Increases occurred at other centers also.

The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 95.4% of capacity for the week beginning Nov. 20, compared with 96% one week ago. This week's operating rate is equivalent to 1,716,200 net tons of steel ingots and castings, compared with 1,727,000 net tons last week and 1,727,300 tons one year ago.

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,396,595,000 kwh. in the week ended Nov. 11 from 4,354,939,000 kwh. in the preceding week. The latest figures approximate a decline of 1.9% from the level of one year ago, when output reached 4,482,665,000 kwh.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Nov. 11 totaled 839,489 cars, the Association of American Railroads announced. This was a decrease of 53,844 cars, or 6% below the preceding week this year, and 8,483 cars, or 1% below the corresponding week of 1943. Compared with a similar period in 1942, an increase of 12,794 cars, or 1.5%, is shown.

Coal Production—Despite the fact that some mines were closed on election day and others operated only part time, the production of both bituminous coal and anthracite measured well up to expectations during the week ending with Armistice Day, Nov. 11, Solid Fuels Administrator Harold L. Ickes disclosed. The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ended Nov. 11, 1944, at 1,158,000 tons, an increase of 20,000 tons (1.8%) over the preceding week, and an increase of 68,000 tons, or 6.2% above the corresponding week of 1943. The 1944 calendar year to date shows an increase of 7.4% when compared with corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Nov. 11 at 10,660,000 net tons, representing a decrease of 1,290,000 tons, or 10.8%, compared with 11,950,000 tons in the preceding week. Production in the corresponding week of last year amounted to 11,534,000 net tons, while output for Jan. 1 to Nov. 11, 1944, totaled 541,165,000 net tons, an increase of 7.2% over the 504,822,000 tons mined in the same 1943 period.

The above increase reflects this year's longer working periods and uninterrupted work, together with heavy gains due to the growth of strip mining, while the 1943 output was handicapped severely by strikes.

Estimated production of beehive coke in the United States for the week ended Nov. 11, 1944, as reported by the same source, showed an increase of 4,500 tons when compared with the output for the week ended Nov. 4, last. There was, however, a decrease of 27,100 tons less than for the corresponding week of 1943.

Silver—The London market for silver the past week was unchanged at 23½d. The New York Official for foreign silver continued at 44¾ cents, with domestic silver at 70⅝ cents.

Lumber Shipments—The National Lumber Manufacturers Association reports that lumber shipments of 500 reporting mills were 4.0% above production for the week ended Nov. 11, while new orders of these mills were 15.0% less than production for the same period. Unfilled order files amounted to 89% of stocks.

For 1944 to date, shipments of reporting identical mills exceeded production by 2.7% and orders ran 4.1% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 22.5% greater, shipments 42.1% greater, and orders 16.1% greater.

Crude Oil Production—Daily average gross crude oil production for the week ended Nov. 11, as estimated by the American Petroleum Institute, was 4,727,400 barrels. This represented an increase of 7,500 barrels per day over the preceding week, and 6,900 barrels in excess of the daily average figure recommended by the Petroleum Administration for War for the month of November, 1944. When compared with the corresponding week last year, crude oil production was 290,950 barrels per day higher. For the four weeks ended Nov. 11, 1944, daily output averaged 4,733,300 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,650,000 barrels of crude oil daily and produced 14,464,000 barrels of gasoline. Kerosene output totaled 1,512,000 barrels, with distillate fuel oil placed at 4,492,000 barrels and residual fuel oil at 9,431,000 barrels during the week ended Nov. 11, 1944. Storage supplies at the week-end totaled 78,091,000 barrels of gasoline; 14,070,000 barrels of kerosene; 48,259,000 barrels of distillate fuel, and 63,999,000 barrels of residual fuel oil.

Paper Production—Paper production for the week ended Nov. 11 was at 92.3% of capacity, as against 94.1% of capacity in the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Nov. 13 last year was 89.6% of capacity. As for paperboard, production for the same period was reported at 96% of capacity, unchanged from the previous week.

Hardware Jobber Sales in Sept.—Sales of wholesale hardware distributors in the United States in September showed an average gain of 8% over those for the same month in 1943, reports the "Hardware Age," the current week in its every-other-week market summary. Sales for the first three quarters of this year showed an average gain of 2%, in dollar volume, over the same period in 1943. Accounts receivable during the month, were less than ½ of 1% under those for the same month last year. Collection percentages showed a good gain over those for September, 1943.

Average wholesale hardware distributor inventories the end of September, 1944, were 8% higher, in dollar value, than at the same time last year, but averaged 3% lower than at the end of August, 1944.

Wholesale and Retail Trade—Retail trade last week for the country as a whole was stimulated by Christmas shopping, with estimates ranging from 8 to 12% over last year, according to Dun & Bradstreet. Factors such as favorable weather, the Armistice Day holiday, and growing interest in holiday gift items were said to be responsible for the heavy trading. The upturn in volume was shored by almost all departments.

Activity was especially marked in gloves, novelty jewelry sets, compacts and cigarette cases, monogrammed silver and leather goods, scarfs and neckwear. Holiday items selling well were books, stationery and gift wrappings, while in household furnishings demand was limited to small items. Toy sales were high with stocks larger than that of a year ago.

In clothing section, women's dresses and suits continued popular and men's suits were selling well with supplies little changed from the previous year.

Heavy interest was noted in piece goods with special emphasis on better quality dress fabrics. Supplies of toweling, sheeting and other linen fell short of consumer demand. In the food department, sales continued to run high with stocks of some dairy products scarce.

Percentage increases on a regional basis for the week were: New England, 8 to 12%; East, 7 to 11%; Middle West, 12 to 15%; Northwest, 8 to 10%; South, 7 to 10%; Southwest, 5 to 9%, and Pacific Coast, 9 to 13%.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 9% ahead of a year ago for the week ended Nov. 11. This compared with 6% in the preceding week. For the four weeks ended Nov. 11, 1944, sales increased by 9%. A 9% increase in department store sales for the year to Nov. 11, 1944, over 1943, was also noted.

Gift shopping here in New York as elsewhere the past week increased. Colder weather was instrumental in spurring the sale of seasonal merchandise, including furs. Gains in sales by department stores over a year ago ranged upwards of 15%, the New York "Times" reveals.

Wholesale markets the past week were crowded with buyers attempting to replenish depleted stocks of Christmas goods and to place orders for spring merchandise. Many women's suit lines for spring have already been withdrawn, and scarcities continue to persist in cotton goods.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Nov. 11 increased by 10% over the same period of last year. This compared with 3% in the preceding week. For the four weeks ended Nov. 11 sales rose by 9%, and for the year to Nov. 11 they improved by 9%.

AIB Job Relations Training Program

A Job Relations Training program, which is expected to be of special value to the banks of the country was inaugurated in New York on Nov. 13 by the American Institute of Banking, with the opening of a master J. R. T. Institute, at which the first group of bankers is being trained. The program being employed by the A. I. B., is an adaptation to the banking business of the J. R. T. program developed by the War Manpower Commission for use in industry. Nine bank officers from eight States are taking the initial 40-hour course here in New York this week. Also taking the course this week is Robert C. Rutherford, Assistant to the Secretary of the American Institute of Banking, who will select from chapter groups throughout the country men who will be trained by these nine. They in turn will give the course in their chapters to the supervisors in the banks in their areas. This is the second such training course sponsored by the American Institute of Banking. More than 3,500 bankers were trained last year in the Job Instruction Training program conducted by the Institute, and it is expected that more than 5,000 will be trained this year in the Job Relations Training program. The Job Relations Training is directed primarily at the handling of the human relations by the supervisory personnel in the banks.

The nine bankers taking the course here this week are: Hartwell F. Taylor, Assistant Cashier, Morris Plan Bank of Virginia, Richmond, Va.; Ralph Endicott, Assistant Treasurer, Washington Loan & Trust Company, Washington, D. C.; Joseph Fitzer, Planning Department, Continental Illinois National Bank & Trust Co., Chicago, Ill.; William G. Barry, Assistant Branch Manager, First National Bank, Boston; Edmund B. Welshans, Secretary, St. Louis Chapter, American Institute of Banking, St. Louis, Mo.; Mercer C. Macpherson, director, Community Relations, Montclair Savings Bank, Montclair, N. J.; Robert F. Goodwin, Auditor, Wachovia Bank & Trust Co., Winston-Salem, N. C.; G. Stephen Henninger, Assistant Secretary, Irving Trust Company, New York; Charles Krummel, Chief Clerk, Seamen's Bank for Savings, New York.

Adjustment Offered Bogota Dollar Bond Holders

The Colombian Ambassador to the United States, Dr. Gabriel Turbay, has announced that the municipality of Bogota, the capital city of the Republic of Colombia, has arranged to make an offer of adjustment to the holders of its 1924 and 1927 dollar bonds. According to the announcement which will be published presently by the City of Bogota, the holders of the bonds of the municipality will be given an opportunity to receive in exchange for their present holdings equal par amounts of Republic of Colombia 3% bonds, which were issued in 1940 and are currently quoted on the New York Stock Exchange.

The Ambassador stated that copies of the formal offer to bondholders may be obtained from the National City Bank of New York, which has been designated as the exchange agent. The Ambassador pointed out that this adjustment by the capital city of Colombia follows other similar adjustments made by the Republic of Colombia and by the Agriculture Mortgage Bank of Colombia.

Holders of municipal bonds who desire to make the exchange should deliver their bonds to the exchange agent, with a properly executed letter of transmittal. The offer will remain open until Oct. 1, 1946, or such later date as the municipality may designate.

Roosevelt Advocates Compulsory Military Training in Peaetime

(Continued from first page)

jected for military service in the United States for physical reasons. He recalled the advantages provided by camps of the Civilian Conservation Corps as a corrective measure.

The announcement of the President was expected to determine the immediate program of the House Post-War Military Policy Committee, of which Representative Clifton A. Woodrum, Democrat, of Virginia, is Chairman. The Committee, which had deferred hearings on peace-time universal military training until after the elections, was expected to meet next week to decide whether to take testimony on the subject before the present Congress ends. The Committee, created by a resolution sponsored by Representative James W. Wadsworth, Republican, of New York, will be continued into the next Congress.

Saying that he had been for universal training right along, Mr. Roosevelt declined to be pinned down on whether he thought this training should be military, according to Associated Press accounts from Washington on Nov. 17, from which we also quote:

Whether the plan should apply to young women, too, the President said was another matter and would depend on the legislation itself.

Asked flatly whether he thought the training should be military, the President instead of answering directly posed several questions of his own.

Told that some factions wanted to carry out the training program in the National Guard in periods of two or three months a year or in weekly drill periods, the President said flatly it will not work.

Meanwhile, Catholic Church and peace organization officials went on record against peace-time conscription.

Five peace organizations, the Fellowship of Reconciliation, National Council for the Prevention of War, War Resisters League, Women's Committee to Oppose Conscription and the Women's International League for Peace and Freedom, opposed permanent conscription on religious, practical and constitutional grounds.

Other observations relative to the President's views, as given in the Associated Press, follow:

The question of peace-time military training seems certain to bring prolonged controversy in the new Congress, which takes office in January.

As the discussion went along, these were some of the President's observations:

It was appalling the number of men turned down in the draft because of physical defects.

It was important to teach men to live with other men.

As for the military aspects, cooking might be military and it might not, and so might carpentry.

Anyhow, there were lots of things boys could do for their country.

Asked whether the National Guard would continue if Congress enacted a peace-time universal training law, he said he did not know, that it would depend on Congress.

Universal peace-time military training has been indorsed by Secretary of the Navy Forrestal and by Gen. George C. Marshall, Army Chief of Staff, and already has the support of a sizable group in Congress. Several measures to put it into effect are pending at the Capitol.

The likelihood of heavy battling in Congress over compulsory training was seen on Nov. 18, with Senator Chan Gurney, Republican, of South Dakota, promising "a whale of a fight if they try to dilute it." Reporting this, the Associated Press, according to the "Herald Tribune," said:

The real fight won't come off until after the first of the year. Then, when the new Congress meets, legislative committees will tackle the issue of whether to order a year's military training in peace-time for every physically fit American youth.

A new suggestion from President Roosevelt for compulsory "Government" training touched off pro and con pyrotechnics in advance.

"He's figuring on vocational training," remarked Senator Gurney, author of a bill for a year's compulsory military service. "I'm going to have a lot to say on this subject. We've got to have the proper kind of training to keep the country strong.

"That's the purpose of my bill, and the only thing that would justify passage of legislation of that kind. There'll be a whale of a fight if they try to dilute it."

Mr. Roosevelt indicated at a news conference yesterday that he had in mind something broader than mere military instruction; that he might like to see it linked with physical and vocational education.

One of those applauding Mr. Roosevelt's idea was Senator Edwin C. Johnson, Democrat, of Colorado. Like Mr. Gurney, a member of the Senate Military Committee, Mr. Johnson said:

"I'd fix it, if I had the say-so, so that we might give youth a year's training in high school or college, so that any military training would be coordinated with education. A reserve enlisted corps could be formed, along lines of the Reserve Officers Training Corps.

"I'd even put the age limit down to 17 to get them in the reserves earlier, when they are more flexible."

"Future wars will be won," he said, "by marching science and marching resources, directed by skilled technicians, and not by the number of marching men."

President Tells New Australian Minister Victory Is in Sight

In accepting on Nov. 14 the credentials presented by Sir Frederic William Eggleston, the new Minister from Australia, President Roosevelt stated that "ultimate victory, both in Europe and in the Far East, is in sight." From Associated Press Washington advices we quote:

Saying that together the United Nations have largely solved the problems of waging war, Mr. Roosevelt added that the time has come to organize the peace "without for a moment diminishing our war effort." He said the United States, "especially looks forward to a mutually beneficial cooperation with Australia in the Pacific."

According to the New York "Times" Washington account Sir Frederic told the President:

"Australia will never forget the help given to her by the United States." His country hopes to cooperate "in establishing a peaceful order based on law and on recognition of the rights and responsibilities of nations," he said.

He offered congratulations on the invasion of the Philippines and the recent naval victory over the Japanese.

"Now that the period of acute danger to Australia is over," he said, "Australia is determined to contribute her due share in bringing to other countries the security which she now enjoys."

From Washington Ahead of The News

(Continued from first page)

exercise in the future. This organization is something new in American politics; it has demonstrated its effectiveness; it has announced that it intends to remain in being. It has got to be reckoned with.

In the recent campaign we heard a lot of conservatives say that it was nonsense to worry about this crowd because Roosevelt had shown how to kiss off John L. Lewis who was so prominent in his 1936 reelection. There is this difference: Roosevelt could have won easily without John L. Lewis, and knows it. He became quite annoyed when in the sit-down strike period Lewis pressed him too hard. Roosevelt was sympathetic to the sit-down strike movement, but Lewis with his domineering way would not let him go along with it with his usual political finesse.

Sidney Hillman will never make the mistake of Lewis. He will never openly challenge Roosevelt. He is much too subtle for that. A distinct difference is that Hillman and Phil Murray both realize that their political bread and butter revolves around Roosevelt. They will never get their feet off the ground to the extent of thinking they can fight him. They will therefore have a more cunning, and at the same time, more effective influence in the shape of things to come.

As to their influence on Congress, there seems not to be the slightest doubt. They claim to have been responsible for the election of more than 100 members. A study of the list of those they claim to have been responsible for shows their exaggeration, but nevertheless there are enough Congressmen who came through by the skin of their teeth, over the PAC's opposition, who will now want to placate this new movement, to make it very formidable, indeed.

Perhaps what Congress will do and will not do is not of so much importance as the statement which Mr. Roosevelt made to a Republican Governor in the course of the campaign. This Governor asked him how on earth he really intended to provide jobs for everybody after the armed forces came home. In his usual amiable way he replied that that was easy, that the boys were not to be returned to their own communities necessarily, but to places where there would be jobs. The Governor asked if Congress would permit that. Mr. Roosevelt thought it a huge joke and replied, in words to this effect:

"Governor, you and I know how to get around legislative bodies."

There seems to be no doubt that Mr. Roosevelt can do that. In looking over the prospects of the Republicans in Congress making a fight or developing an issue, one is up against the inescapable fact that Governor Dewey, in his admittedly courageous campaign, has taken the ground out from under them on one proposition: the extension of social security. The Governor came out for that when Mr. Roosevelt has had a bill up before Congress for more than a year to accomplish that very thing. Governor Dewey also said he would eliminate the taxes from the small pay envelopes. Secretary Morgenthau proposed that in his tax bill of early 1944, and both Republicans and Conservative Democrats rejected it, in the hope, certainly on the part of the Republicans, that the broadening of the tax base would make the wage-earners more conscious of what their Government was doing.

The darndest thing, however, and something to prove a nuisance to many employers, is the Republican platform pledge, and Mr. Roosevelt's personal pledge, to continue the Fair Employment Practices Commission, by which the employer will be told how many of this and that racial element he must employ. The Southern Democrats had kept that out of their party's platform. But now they have thrown up the sponge.

This writer gets a little kick, too, out of those Conservatives who said that now, "in his last four years," Mr. Roosevelt would swing to the right. The first thing he digs up is that long-forgotten-about proposition of seven TVAs over the country.

The thing really to watch, however, is whether the Leftists succeed in running Jesse Jones or men of his mind, out of the administration of the surplus property disposal. The question involved here is whether this disposal shall be in such a way as to help private enterprise, or to "break up monopoly," as it is coyly put, or more frankly, to redistribute wealth. The war against Jones, a symbol, is on.

Thomas J. Watson Acclaims Success of Rye International Business Conference

(Continued from first page)

neutral countries that has brought so many delegates to this Conference.

It is the coordination of effort among them that has carried the Conference forward toward success.

In the future it is cooperation—and coordination of effort — for fair economic policies among the free peoples of the world that will bring about lasting peace.

We hear and read a great deal about the problem of the reconversion of industry from wartime to peacetime activities.

I believe we must consider a more important type of reconversion — the reconversion of our thinking, our ideas and ideals — so that we will be prepared to face the new and changed world after Victory.

That is the kind of reconversion that will require our thoughts, efforts and talents to the fullest extent.

We cannot yet visualize fully what we have to do in the way of reconverting ourselves, because we do not yet know what new type of thinking — or what aims and ambitions of different countries — must be fitted in, and dealt with, in the post-war world.

I am giving serious consideration to the reconversion of my own thinking, and every day more things open up before me and make me realize that I must make greater adjustments in my thinking processes.

In raising my sights, I must think along lines that I hope may be of some help in this new and changed world.

Everything depends upon this reconversion job done by individuals and by groups.

We have an opportunity before us to work, as individuals and as groups, within our own countries to convert our people to the realization that all nations are interdependent.

By so doing, we can play an important part in the development of a world program that can be agreed upon as being in the best interests, not only of our individual countries, but of the entire world.

I have talked on the subject of "World Peace Through World Trade" many times, and I have worked for its accomplishment to the best of my ability with representatives of forty countries during the period between the two wars.

At the meeting of the International Chamber of Commerce at Copenhagen, in July, 1939, I said:

"The spirit of conciliation and a desire to understand national and international problems is the essence of civilization.

"It is the basis on which rests the philosophy and the accomplishments of the International Chamber of Commerce, which believes that world peace will come through world trade."

One thing on which we can all agree, is that in order to maintain peace we must bring about economic adjustments that will make possible the proper flow of goods and services both ways across the borders of nations.

The exchange of goods and services comes down to a very simple formula—an adjustment of trade barriers.

I do not mean free trade, but an adjustment of trade barriers which will be as fair to one country as to another, regardless of their size or political importance.

The natural resources of the world are not evenly distributed —which means certain people are able to produce some things to better advantage than they can be produced in other parts of the world.

We must come to an agreement on a proper plan for the distribution of these products on a fair basis.

I like the old motto — "A fair deal cannot injure anyone" — and I am sure it will help us all if we keep that in mind.

A proper flow of goods and services between the free countries of the world means increased production.

Increased production means increased employment, and increased employment means higher standards of living.

Better standards of living all over the world will be the direct consequence of the fair adjustment of trade barriers.

And that is the greatest contribution to permanent peace that the businessmen of the world can participate in.

Let every country build for greater consumption at home.

We should and will increase our consumption in the United States, and raise the standards of living of our under-privileged.

In the cooperation of all the free peoples, and in the coordination of their efforts, lies the opportunity for the creation of an expanding world economy, which will benefit all people in all parts of the world.

In closing, I want to express our deep appreciation to you who have traveled so far under difficult conditions to come here and make your contribution to the Conference.

We wish you all a safe journey home, and we shall all hope and pray for a speedy end of the war.

Thank you.

British Nat'l War Bonds Discontinued After Nov. 6

The sale of British National War Bonds was discontinued after Nov. 6 and in their place an offering of a new security known as the 1¾% Exchequer Bond 1950 was proposed, Sir John Anderson, Chancellor of the Exchequer, announced on Oct. 31. This was indicated in Associated Press advices from London, which also stated:

"He told Commons that the bond was to be issued at par and repayable at par Feb. 15, 1950.

"He said Great Britain's total expenditures during five years of the war up to Sept. 2 were $96,000,000,000, of which war services totaled $80,000,000,000.

"Of the total expenditures, $44,936,000,000 was raised by taxation and other revenue, and the remainder by borrowing.

"The total national debt as of Sept. 30, he said, was approximately $84,800,000,000, an increase of $51,200,000,000 since the beginning of the war.

"The present issue of 2½% National War Bonds 1952-'54, which was originally placed on sale in Sept., 1943, has already reached the total of about $2,760,000,000," Sir John said.

Steel Output Slightly Lower – Shell Program Increased – Scrap Prices Advance Further

"The complexion of steel orders has changed considerably in the past few weeks and more changes are expected in the distribution picture during the first quarter of 1945," states "The Iron Age" in its issue of today (Nov. 23), which further adds in part as follows:

"Several months ago accent was on many war programs as far as steel supply was concerned, but now the spotlight shows brightly upon only one major war steel item—shell steel. It was apparent early this week that the increased shell program will not be at the expense of steel rails in the first quarter, but will gain its extra supplies from cutbacks in steel plate directives.

"It is expected that shell steel production will increase about 5,000 tons a month, starting in January with an indication that in May of next year shell steel demand will exceed monthly capacities for that item by some thousands of tons. It is quite possible that because of the rapid turn of events abroad, subsequent changes may be made in various parts of the shell steel program. For this reason it is believed that any item which stands in the way of full and rapid shell steel output will definitely be sidetracked until such time as the Armed Forces are adequately supplied with their requirements.

"Apparently a clear track has been definitely established for first quarter steel rail requirements which will total about 600,000 tons. It is expected that this tonnage will be supplied despite competition with shell steel for hot-topping facilities. This will mean a step-up of present steel rail output levels.

"Maritime Commission requirements, written off many times in the past only to rise again, appear to have finally and definitely hit the skids. Contracts rapidly nearing completion are not being renewed. Otherwise the war production picture is mixed with some contract reductions and cancellations and other new commitments.

"Most scrap markets this week followed up last week's advances in price with further increases. Some areas claim that prices are heading for the ceiling level. 'The Iron Age' steel scrap composite price is up $1 a gross ton this week to $17.08 a gross ton."

The American Iron and Steel Institute on Nov. 20 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 95.4% of capacity for the week beginning Nov. 20, compared with 96.0% one week ago, 96.3% one month ago, and 99.1% one year ago. The operating rate is equivalent to 1,716,200 tons of steel ingots and castings, compared to 1,727,000 tons one week ago, 1,732,400 tons one month ago, and 1,727,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on Nov. 20 stated in part as follows:

"Accelerated demand for shells and other types of heavy ammunition and greater pressure for combat tanks and heavy trucks are causing a tighter situation in bars and shapes and have strengthened the plate situation somewhat.

"Pressure from the armed services for greater production of some types of munitions and a possible spurt in steel consumption for a short time strengthen the situation currently, but most steel leaders expect the easing trend of the past few months to continue with few important variations. In spite of the lift in demand for plates the overall trend continues downward, with little to alter the expectation of considerable reduction in first quarter. This is based on present likelihood of a sharp cut in the Maritime Commission program in first quarter, although Liberty ship cancellations following V-E Day will depend on when the European war ends. These cancellations are expected to apply to ships of this class for which keels are not laid, these numbering about 110 at present.

"The Navy is expected to exert a more sustaining influence on plate demand, as much work remains to be completed. No new Navy programs are in prospect at this time. Navy cutbacks up to this time have been on submarines and escort destroyers, and it is understood other parts of the armament program will be completed.

"Deliveries are scattered over a considerable period, plate promises being mainly for January, with some producers quoting February. In carbon bars some tonnage is available in January, but most makers quote February and March, with some even later. Bar deliveries are becoming progressively later as the heavy shell program proceeds."

Third War Conference On Fire Prevention

Announcement was made recently by the Insurance Department of the Chamber of Commerce of the United States that the Third War-time Conference on Farm and Rural Fire Prevention to cope with the continuous increase of rural fire losses and their serious effect on the nation's production of food will be held on Dec. 11, at the Palmer House, Chicago. The conference is sponsored jointly by the Agricultural Committee of the National Fire Waste Council and the Farm Fire Protection Committee of the National Fire Protection Association, with the cocoperation of the National Chamber's Insurance Department. Dr. David J. Price, U. S. Department of Agriculture and past President, National Fire Protection Association, and Rush W. Carter, Assistant Manager, Aetna Insurance Company, Chicago, are the Chairmen of the sponsoring committees.

Attending the meeting will be rural fire insurance leaders, State fire marshals, farm equipment manufacturers, Chamber of Commerce executives, rural fire prevention authorities, representatives of the Department of Agriculture, American Red Cross, as well as officials of the National Board of Fire Underwriters, National Fire Protection Association, National Association of Insurance Agents, Mill Mutual Fire Prevention Bureau, National Association of Mutual Insurance Companies, Western Actuarial Bureau, U. S. Chamber of Commerce, and others. The program will feature talks and discussions on ways to arrest the alarming upward trend of destruction by fire of food and food production facilities. Among the subjects to be considered are: the present status of rural fire prevention; use of war emergency fire fighting equipment in rural areas in the post-war period; State committees for rural fire districts; a county system of rural firm prevention; use of water-fog in rural areas and fire resistive materials for buildings on farms and in rural communities.

Farm and rural fire losses annually aggregate approximately $200,000,000 and cause the death of at least 3,500 people.

Treasury Offers Notes And Bonds In Exchange

The terms of an exchange offering to holders of $1,036,692,400 of 4% Treasury bonds of 1944-54, which were called for redemption on Dec. 15, and holders of the $3,539,755,000 of series G-1944 ⅞% certificates of indebtedness, which will mature on Dec. 1, were made public by Secretary of the Treasury Morgenthau on Nov. 16. The announcement follows:

Secretary of Treasury Morgenthau today released the official circulars containing the detailed terms and conditions of the exchange offerings open to holders of the 4% Treasury bonds of 1944-54 called for redemption on Dec. 15, 1944, and to holders of the certificates of indebtedness of series G-1944 maturing Dec. 1, 1944.

"All holders of the called bonds except commercial banks, which are defined for this purpose as banks accepting demand deposits, will be permitted, beginning Nov. 20, to exchange such called bonds for the 2½% Treasury bonds of 1966-71, the 2% Treasury bonds of 1952-54 and the 1¼% Treasury notes of series C-1947, which will open for cash subscription on the same date in the Sixth War Loan Drive. Commercial bank holders will be permitted to exchange for the 2% bonds and the notes, but not for the 2½% bonds, which are not available to commercial banks, except under limited provisions, until Dec. 1, 1954. All of these exchanges will be made as of Dec. 15, 1944, the date on which the called bonds cease to bear interest, in authorized denominations beginning with $500 for the bonds and $1,000 for the notes. Accrued interest will be charged on the new securities from Dec. 1 to Dec. 15 at their respective rates as set forth in the official circulars.

"Holders of the maturing certificates will be permitted, also beginning Nov. 20, to exchange them, par for par, for Treasury notes of series C-1946. The notes will be dated Dec. 1, 1944, will bear interest at the rate of 0.90% per annum, payable on a semiannual basis on July 1, 1945, and Jan. 1, 1946, and will mature on Jan. 1, 1946. They will be issued in bearer form only with two interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the bonds and notes now offered shall not have any exemption, as such, under Federal tax acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official circulars released today.

"Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington, and should be accompanied by the securities to be exchanged. Where coupon bonds are presented, the subscription should also be accompanied by the payment of accrued interest at the rate of $0.966 per $1,000 for the 2½% bonds, $0.77 per $1,000 for the 2% bonds, and $0.49 per $1,000 for the 1¼% notes. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subject to the usual reservations, all subscriptions for any of the four issues will be allotted in full.

The subscription books for the offering of 0.90% Treasury notes of series C-1946 in exchange for the maturing certificates will close at the close of business Wednesday, Nov. 22, except for the receipt of subscriptions from holders of $100.000 or less of the maturing certificates. The subscription books will close for the receipt of subscriptions of the latter class at the close of business Saturday, Nov. 25. Holders of the called bonds will be afforded a somewhat longer period of time within which to take action looking toward the exchange of their called bonds, regarding which an announcement will be made at a later date.

There are now outstanding $1,036,692,400 of the called Treasury bonds of 1944-54 and $3,539,755,000 of the series G-1944 certificates.

Allan Sproul, President of the Federal Reserve Bank of New York, in making public the above, stated:

The exchange subscription books will be opened on Nov. 20, 1944, and applications will be received by this bank as fiscal agent of the United States. Subscriptions should be made on official subscription blanks or, if filed by telegram or letter, should be confirmed promptly by mail on the blanks provided.

It will be noted from the above press statement that the closing of the subscription books for the exchange of Treasury certificates of indebtedness of series G-1944, maturing Dec. 1, 1944, is definitely fixed.

Exchange offerings consist of the following:

Offering of 0.90% Treasury notes of series C-1946. dated and bearing interest from Dec. 1, 1944, due Jan. 1, 1946, in exchange for ⅞% Treasury certificates of indebtedness of series G-1944, maturing Dec. 1, 1944.

Offering of 2½% Treasury bonds of 1966-71, dated and bearing interest from Dec. 1, 1944, due March 15, 1971, additional issue; 2% Treasury bonds of 1952-54, dated and bearing interest from Dec. 1, 1944, due Dec. 15, 1954, additional issue; 1¼% Treasury notes of series C-1947, dated and bearing interest from Dec. 1. 1944, due Sept. 15, 1947, additional issue, in exchange for 4% Treasury bonds of 1944-54, called for redemption on Dec. 15, 1944.

Power to Commit U. S. to Use of Force in World Organization Debated by Senators

In a symposium in Town Hall on Nov. 16 on the question of "Should the American representative in a World Organization have the power to commit us to use force?" three United States Senators participating therein spoke pro and con on the subject. Answering in the affirmative, said the New York "Times," were Senator Joseph H. Ball, Republican, of Minnesota, and Senator Claude Pepper, Democrat, of Florida. Opposed was Senator Chapman Revercomb, Republican, of West Virginia. Supporting him was John T. Flynn, writer and economist. They spoke before America's Town Meeting of the Air under the auspices of "The Reader's Digest," it was stated in the "Times," from which we also quote the following:

While Senators Ball and Pepper took the position that authority for this nation's representative in the council of a World Organization to commit this country to the use of force to stop aggression was constitutional and essential to this purpose, Senator Revercomb and Mr. Flynn argued that no such authority was necessary and, if granted, would constitute a violation of the constitutional right to declare war vested solely in Congress.

"To place that power in the hands of any individual would give him the power of life and death over our people and the power to determine the course of our nation in world affairs," Senator Revercomb declared. "No dictatorship could be more absolute or more far-reaching."

Any such action, Mr. Flynn argued, would mean "taking one more step and perhaps the last one to make our Constitution a mere scrap of paper."

Senator Ball based his argument on these four main points:

1. The whole purpose of the United Nations Organization is to maintain peace, not make war. It would use military force not in the traditional sense of making war, but to stop aggression before it grows into war on a broad scale.

2. Under either the general welfare or national defense clause of the Constitution, in the light of modern conditions, Congress would have authority to delegate in advance such power as is proposed for the American representative in the council of the World Organization.

3. Congress would have the authority to clothe the American representative with the power in question under Article I of the Constitution, which empowers Congress "to define and punish piracies and felonies committed on the high seas and offenses against the law of nations."

4. A simple solution to the fears over delegation of this authority to a non-elective official would be to provide by legislation for the election by the people of our representative, thereby making him directly responsible to the people.

"Unless there is certainty that in the event all else fails, force will be promptly available to stop war, all the other important peace promoting machinery of the organization will fail," Senator Ball said. "Would-be aggressors will respect only one argument—force, which they know can and will be used against them."

Senator Pepper argued that agreement by two-thirds vote of the Senate to the instrument creating a world organization and providing it with the necessary forces to enforce peace would imply our assent, in a constitutional way, to use of such forces.

"The only thing that remains is for the conditions justifying the use of such forces to be found to exist," he said. "Obviously the Council of the United Nations must make this decision, for its decisions, to be effective, must be quickly made and the forces at its command must be subject to instant use if war is to be stopped before it gains momentum."

Senator Revercomb maintained that a World Organization based upon proper principles, with the participation of the United States, would function effectively for the maintenance of peace without giving "dictatorial power" to any representative such as, he said. was implied in the proposal under discussion. He denied that refusal to grant such power would involve danger of delay in any situation requiring speedy action and maintained that Congress always could be relied upon to authorize action whenever the preservation of peace required it, once it was furnished with the necessary facts and information.

"To give the power to one man to decide and commit this nation to use force would in effect be to replace the decision of Congress with the decision of one person on an important function of Government," he said. "That would be a fateful step toward the destruction of Government by a free people and of their right to control and order their own affairs."

Mr. Flynn maintained that to grant this power to one individual, especially at a time when Europe is likely to be divided into conflicting camps of Communist and Fascist States, would mean to "plunge this country into another world war without even consulting Congress."

Trading on New York Exchanges

The Securities and Exchange Commission made public on Nov. 15 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 28, continuing a series of current figures being published weekly by the Commission. (except odd-lot dealers) during the week ended Oct. 28 (in round-Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members lot transactions) totaled 1,808,789 shares, which amount was 18.47% of the total transactions on the Exchange of 4,896,230 shares. This compares with member trading during the week ended Oct. 21 of 1,589,429 shares, or 17.63% of the total trading of 4,507,160 shares. On the New York Curb Exchange, member trading during the week ended Oct. 28 amounted to 371,810 shares, or 14.18% of the total volume on that exchange of 1,311,720 shares; during the Oct. 21 week trading for the account of Curb members of 423,330 shares was 15.71% of total trading of 1,347,400.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 28, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	161,240	
‡Other sales	4,734,990	
Total sales	4,986,230	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	439,080	
Short sales	52,650	
‡Other sales	389,820	
Total sales	442,470	9.00
2. Other transactions initiated on the floor—		
Total purchases	259,200	
Short sales	21,840	
‡Other sales	307,800	
Total sales	329,640	6.01
3. Other transactions initiated off the floor—		
Total purchases	126,670	
Short sales	19,200	
‡Other sales	192,423	
Total sales	211,723	3.46
4. Total—		
Total purchases	824,950	
Short sales	93,790	
‡Other sales	890,049	
Total sales	983,839	18.47

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 28, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	17,575	
‡Other sales	1,294,145	
Total sales	1,311,720	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	95,425	
Short sales	8,700	
‡Other sales	118,265	
Total sales	126,965	8.48
2. Other transactions initiated on the floor—		
Total purchases	30,150	
Short sales	1,310	
‡Other sales	41,635	
Total sales	42,945	2.79
3. Other transactions initiated off the floor—		
Total purchases	32,445	
Short sales	5,600	
‡Other sales	38,280	
Total sales	43,880	2.91
4. Total—		
Total purchases	158,020	
Short sales	15,610	
‡Other sales	198,180	
Total sales	213,790	14.18
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	48,798	
Total purchases	48,798	
Total sales	44,439	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Nov. 11, 1944, is estimated at 10,660,000 net tons, a decrease of 1,290,000 tons, or 10.8%, from the preceding week. This decrease was due to the shutting down of mines in some communities while the miners went to the polls on Election Day, and to the observance of Armistice Day in some sections of the country. In the week of Nov. 13, 1943, output of soft coal amounted to some 11,534,000 tons.

Production of bituminous coal during the calendar year through Nov. 11 totaled 541,165,000 net tons, as compared with 504,822,000 tons in the like period of 1943. The increase of 7.2% reflects this year's longer working periods and uninterrupted work, together with heavy gains due to the growth of strip mining, while the 1943 output was handicapped severely by strikes.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Nov. 11, 1944, was estimated at 1,158,000 tons, an increase of 20,000 tons (1.8%) over the preceding week. When compared with the output in the corresponding week of 1943 there was an increase of 68,000 tons, or 6.2%. The calendar year to date shows an increase of 7.4% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended Nov. 11, 1944, showed an increase of 4,500 tons, when compared with the output for the week ended Nov. 4, 1944, but was 27,100 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

Bituminous coal and lignite—	Week Ended Nov. 11, 1944	Nov. 4, 1944	Nov. 13, 1943	January 1 to Date *Nov. 11, 1944	Nov. 13, 1943	Nov. 13, 1937
Total incl. mine fuel	10,660,000	11,950,000	11,534,000	541,165,000	504,822,000	389,394,000
Daily average	‡1,938,000	1,992,000	1,955,000	2,020,000	1,872,000	1,459,000

*Subject to current adjustment. ‡Average based on 5.5 working days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

Penn. anthracite—	Week Ended ‡Nov. 11, 1944	§Nov. 4, 1944	Nov. 13, 1943	Calendar Year to Date Nov. 11, 1944	Nov. 13, 1943	Nov. 13, 1937
*Total incl. coll. fuel	1,158,000	1,138,000	1,090,000	56,647,000	52,745,000	44,720,000
†Commercial produc.	1,112,000	1,092,000	1,046,000	54,382,000	50,635,000	42,484,000
Beehive coke—						
United States total	117,200	112,700	144,300	6,322,100	6,810,100	2,944,900

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Nov. 4, 1944	Oct. 28, 1944	Nov. 6, 1943	Nov. 6, 1937
Alabama	352,000	360,000	89,000	253,000
Alaska	7,000	7,000	7,000	2,000
Arkansas and Oklahoma	103,000	110,000	43,000	64,000
Colorado	153,000	150,000	46,000	164,000
Georgia and North Carolina	1,000	1,000	*	1,000
Illinois	1,484,000	1,488,000	353,000	1,094,000
Indiana	542,000	543,000	103,000	359,000
Iowa	53,000	49,000	28,000	80,000
Kansas and Missouri	184,000	197,000	130,000	142,000
Kentucky—Eastern	1,024,000	990,000	115,000	803,000
Kentucky—Western	392,000	376,000	173,000	168,000
Maryland	35,000	36,000	4,000	31,000
Michigan	3,000	3,000	1,000	16,000
Montana (bitum. & lignite)	89,000	105,000	92,000	78,000
New Mexico	35,000	32,000	10,000	29,000
North & South Dakota (lignite)	60,000	66,000	73,000	62,000
Ohio	643,000	643,000	178,000	503,000
Pennsylvania (bituminous)	2,695,000	2,860,000	768,000	2,034,000
Tennessee	148,000	134,000	19,000	118,000
Texas (bituminous & lignite)	2,000	3,000	4,000	17,000
Utah	129,000	111,000	40,000	96,000
Virginia	380,000	388,000	70,000	283,000
Washington	36,000	32,000	18,000	42,000
†West Virginia—Southern	2,118,000	2,176,000	346,000	1,814,000
‡West Virginia—Northern	1,091,000	1,095,000	284,000	556,000
Wyoming	190,000	195,000	67,000	138,000
§Other Western States	1,000	*	*	*
Total bituminous & lignite	11,950,000	12,150,000	3,061,000	8,947,000
Pennsylvania anthracite	1,138,000	1,319,000	147,000	1,060,000
Total, all coal	13,088,000	13,469,000	3,208,000	10,007,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

National Fertilizer Association Commodity Price Index Unchanged from Previous Week

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Nov. 20, remained at 139.5 in the week ending Nov. 18, the same as in the preceding week. A month ago the index registered 139.9 and a year ago 135.0, based on the 1935-1939 average as 100. The Association's report went on to say:

The farm products group registered a decline last week mainly as a result of lower prices in the livestock group. Lower prices on cattle and hogs more than offset fractional advances on lambs and ewes. Although higher prices were quoted for some grades of wheat only in the grains group, this group advanced very slightly. Prices for rye dropped considerably, partially as a result of a WPB order abolishing the compulsory use of 10% of rye in the making of industrial alcohol. Some other grades of wheat declined slightly. The foods group index number remained unchanged from last week. The textiles group declined fractionally as cotton prices moved lower last week. The only other group index to change was the metals group which reached a new high as the result of advancing prices for both finished and scrap steel.

During the week 5 price series in the index advanced and 7 declined; in the preceding week 10 price series advanced and 4 declined; and in the second preceding week 7 price series advanced and 10 declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Nov.18, 1944	Preceding Week Nov. 11, 1944	Month Ago Oct. 21, 1944	Year Ago Nov. 20, 1943
25.3	Foods	143.7	143.7	143.3	140.6
	Fats and Oils	145.1	145.1	144.4	145.6
	Cottonseed Oil	163.1	163.1	160.7	159.6
23.0	Farm Products	164.1	164.6	165.8	152.3
	Cotton	203.2	204.1	205.5	188.9
	Grains	157.4	157.3	161.6	160.5
	Livestock	160.3	161.0	161.4	143.5
17.3	Fuels	130.4	130.4	131.2	122.8
10.8	Miscellaneous commodities	133.2	133.2	133.4	131.4
8.2	Textiles	155.0	155.1	155.4	150.2
7.1	Metals	105.5	104.0	104.0	104.4
6.1	Building materials	154.1	154.1	154.0	152.4
1.3	Chemicals and drugs	126.1	126.1	126.1	127.7
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm machinery	104.7	104.7	104.7	104.2
100.0	All groups combined	139.5	139.5	139.9	135.0

*Indexes on 1926-1928 base were: Nov. 18, 1944, 108.7; Nov. 11, 108.7;, and Nov. 20, 1943, 105.2

Annual Meeting of Life Ins. Institute

James W. Irwin, management counsel of National Dairy Products Corporation and outstanding public relations specialist, will be the principal speaker before the annual meeting of the Institute of Life Insurance, to be held at the Waldorf Astoria Hotel in New York, on Nov. 30, it was announced on Nov. 13 by Holgar J. Johnson, President of the Institute. Mr. Irwin's activities in public relations work have been marked first as editor of newspapers in Madison, Wisconsin, Chicago and Denver, and later as public and employee relations director for several of General Motors' major operating divisions, Monsanto Chemical Co. and, now, National Dairy Products Corp. He is known as both author and speaker on management and public relations problems. At the Institute meeting, he will talk on "Management in a New Climate," telling how new responsibilities of all types for management call for enlightened leadership in the field of public and employee relations.

Mr. Johnson, Institute President, will make a visual presentation of the organization's work of the past year and will recommend some public relations activites for development during the coming year. An open forum discussion of questions concerning the public relations of the business which are raised by the members or their guests will be conducted. The cooperative advertising program of the Life Insurance Companies in America will be outlined at the meeting by Henry C. Flower, Jr., Vice-President of J. Walter Thompson Company.

There will be an informal luncheon in an adjoining room and in the afternoon the annual business meeting and election of directors will be held. The board of directors will hold its first meeting immediately following the Institute session. The annual executive meeting of the Institute will be held Wednesday afternoon, Nov. 29, at the Institute offices.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Nov. 15 a summary for the week ended Nov. 4 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Nov. 4, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	16,870
Number of shares	466,867
Dollar value	$19,743,715
Odd-Lot Purchases by Dealers—(Customers' sales)	
Number of Orders:	
Customers' short sales	339
*Customers' other sales	16,513
Customers' total sales	16,852
Number of Shares:	
Customers' short sales	8,178
*Customers' other sales	419,284
Customers total sales	427,462
Dollar value	$15,780,668
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	100
†Other sales	103,770
Total sales	103,870
Round-Lot Purchases by Dealers:	
Number of shares	153,460

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Nov. 21	119.95	112.93	118.60	117.20	113.12	103.64	107.98	113.50	117.80
20	119.99	112.93	118.80	117.20	113.12	103.64	107.98	113.50	117.80
18	119.97	112.93	118.60	117.20	113.12	103.64	107.80	113.50	117.60
17	119.97	112.93	118.60	117.20	113.12	103.64	107.80	113.50	117.60
16	119.92	112.93	118.60	117.00	113.12	103.64	107.62	113.50	117.60
15	119.86	112.75	118.40	117.00	112.93	103.47	107.62	113.31	117.60
14	119.80	112.75	118.40	117.00	112.93	103.30	107.62	113.31	117.40
13	119.80	112.75	118.40	117.00	112.93	103.30	107.62	113.31	117.60
11	Stock Exchange Closed								
10	119.77	112.75	118.40	117.00	112.93	103.30	107.62	113.31	117.40
9	119.73	112.56	118.40	116.80	112.93	103.30	107.62	113.31	117.40
8	119.77	112.56	118.20	116.80	112.93	103.30	107.62	113.12	117.20
7	Stock Exchange Closed								
6	119.67	112.56	118.40	116.80	112.93	103.30	107.62	113.31	117.20
4	119.55	112.75	118.40	116.80	112.93	103.47	107.62	113.31	117.20
3	119.55	112.75	118.40	116.80	112.93	103.47	107.62	113.31	117.20
2	119.55	112.56	118.40	116.80	112.93	103.30	107.44	113.31	117.20
1	119.55	112.56	118.40	116.80	112.93	103.30	107.62	113.31	117.20
Oct. 27	119.33	112.56	118.40	116.61	112.93	103.47	107.62	113.50	117.20
20	119.55	112.75	118.60	116.80	112.93	103.64	107.44	113.50	117.40
13	119.61	112.75	113.60	117.00	112.93	103.47	107.27	114.08	117.20
6	119.52	112.75	118.60	117.00	112.75	103.30	106.92	114.08	117.20
Sep. 29	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00
22	119.22	112.56	118.60	117.20	112.37	103.13	106.74	114.08	117.20
15	119.42	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
8	119.48	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
1	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.20
Aug. 25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
18	119.84	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
11	119.84	112.56	118.60	117.00	112.37	103.30	106.92	114.08	117.20
4	120.08	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.93	118.80	117.40	113.12	103.64	107.80	114.27	117.60
Low 1944	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago									
Nov. 20, 1943	119.61	110.70	118.60	116.02	110.88	98.73	103.13	113.50	115.82
2 Years Ago									
Nov. 21, 1942	117.24	107.44	117.00	114.27	108.70	92.50	97.00	112.00	114.66

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Nov. 21	1.84	3.01	2.72	2.79	3.00	3.53	3.28	2.98	2.76
20	1.84	3.01	2.71	2.79	3.00	3.53	3.28	2.98	2.76
18	1.84	3.01	2.72	2.79	3.00	3.53	3.29	2.98	2.77
17	1.84	3.01	2.72	2.79	3.00	3.53	3.29	2.98	2.77
16	1.84	3.01	2.72	2.80	3.00	3.53	3.30	2.98	2.77
15	1.85	3.02	2.73	2.80	3.01	3.54	3.30	2.99	2.77
14	1.85	3.02	2.73	2.80	3.01	3.55	3.30	2.99	2.78
13	1.85	3.02	2.73	2.80	3.01	3.55	3.30	2.99	2.77
11	Stock Exchange Closed								
10	1.86	3.02	2.73	2.80	3.01	3.55	3.30	2.99	2.78
9	1.86	3.03	2.73	2.81	3.01	3.55	3.30	2.99	2.78
8	1.83	3.03	2.74	2.81	3.01	3.55	3.30	3.00	2.79
7	Stock Exchange Closed								
6	1.86	3.03	2.73	2.81	3.01	3.55	3.30	2.99	2.79
4	1.87	3.02	2.73	2.81	3.01	3.54	3.30	2.99	2.79
3	1.87	3.02	2.73	2.81	3.01	3.54	3.30	2.99	2.79
2	1.87	3.03	2.73	2.81	3.01	3.55	3.31	2.99	2.79
1	1.87	3.03	2.73	2.81	3.01	3.55	3.30	2.93	2.79
Oct. 27	1.89	3.03	2.73	2.82	3.01	3.54	3.30	2.98	2.79
20	1.86	3.02	2.72	2.81	3.01	3.53	3.31	2.98	2.78
13	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.79
6	1.85	3.02	2.72	2.80	3.02	3.55	3.34	2.95	2.79
Sep. 29	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80
22	1.86	3.03	2.72	2.79	3.04	3.56	3.35	2.95	2.79
15	1.83	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
8	1.84	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.80
1	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
Aug. 25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
18	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
11	1.81	3.03	2.72	2.80	3.04	3.55	3.34	2.95	2.79
4	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	3.01	2.71	2.78	3.00	3.53	3.29	2.94	2.77
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago									
Nov. 20, 1943	1.87	3.13	2.72	2.85	3.12	3.83	3.56	2.98	2.80
2 Years Ago									
Nov. 21, 1942	2.06	3.31	2.80	2.94	3.24	4.24	3.94	3.06	2.92

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Wholesale Prices Up 0.1% For Week Ended November 11

The Bureau of Labor Statistics' weekly index of commodity prices at the primary market level rose 0.1% during the week ended Nov. 11 to the highest point reached since the end of June. This was announced by the U. S. Department of Labor on Nov. 16, which further stated: Continued seasonal advances in prices for fruits and vegetables and for eggs accounted for the rise. The increase brought the all-commodity index to 104.1% of the 1926 average. In the past four weeks average prices for these commodities have risen 0.3% and are now 1.3% higher than at the same time last year. The report went on to say:

"**Farm Products and Foods**—Average wholesale prices of farm products in primary markets rose 0.3% during the week, led by substantial increases in prices for eggs, apples, onions and potatoes. Quotations were slightly higher for wheat, rye and hay, and for heavy hogs and live poultry at Chicago. Grains dropped 0.6% as a result of lower prices for corn, barley and oats. Cotton declined moderately and steers were off about 2%. Since mid-October farm product prices have risen 1.4% to a point nearly 2% higher than at this time last year.

"The average increase of 4.5% for eggs and 1.5% for fruits and vegetables accounted for an advance of 0.5% in prices for foods during the week ended Nov. 11. Lower prices were reported for lemons and for rye flour. In the past four weeks average prices for foods have advanced 1.1%. They are, however, 0.6% lower than for the corresponding week a year ago.

"**Industrial Commodities**—A few scattered but minor increases occurred in industrial commodity markets. Mercury advanced 2.6% as production dropped off and demand increased. A slight increase was reported in prices for office furniture."

In the Labor Department's report the following notation was included:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Oct. 14, 1944 and Nov. 13, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from Nov. 4, 1944 to Nov. 11, 1944.

WHOLESALE PRICES FOR WEEK ENDED NOV. 11, 1944
(1926=100)

Commodity Groups—	11-11 1944	11-4 1944	10-28 1944	10-14 1944	11-13 1943	Percentage change to Nov. 11, 1944 from— 11-4 1944	10-14 1944	11-13 1943
All commodities	*104.1	*104.0	*103.9	*103.8	102.8	+0.1	+0.3	+ 1.3
Farm products	124.4	124.0	123.3	122.7	122.1	+0.3	+1.4	+ 1.9
Foods	104.9	104.4	104.1	103.8	105.5	+0.5	+1.1	— 0.6
Hides and leather products	116.7	116.7	116.7	116.7	118.4	0	0	— 1.4
Textile products	98.9	98.9	98.9	98.8	97.2	0	+0.1	+ 1.7
Fuel and lighting materials	83.5	83.5	83.5	83.8	81.6	0	—0.4	+ 2.3
Metals and metal products	*103.8	*103.8	*103.8	*103.9	103.8	0	—0.1	0
Building materials	116.4	116.4	116.4	116.1	113.0	0	+0.3	+ 3.0
Chemicals and allied products	104.7	104.7	104.9	104.9	100.4	0	—0.2	+ 4.3
Housefurnishing goods	106.1	106.1	106.1	106.1	104.2	0	0	+ 1.8
Miscellaneous commodities	93.4	93.4	93.4	93.4	93.0	0	0	+ 0.4
Raw materials	114.3	114.0	113.5	113.2	111.7	+0.3	+1.0	+ 2.3
Semimanufactured articles	94.7	94.7	94.7	94.6	92.9	0	+0.1	+ 1.9
Manufactured products	*101.1	*101.1	*101.1	*101.2	100.3	0	—0.1	+ 0.8
All commodities other than farm products	*99.7	*99.6	*99.6	*99.7	98.6	+0.1	0	+ 1.1
All commodities other than farm products and foods	*98.8	*98.8	*98.8	*98.9	97.5	0	—0.1	+ 1.3

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
NOV. 4, 1944 TO NOV. 11, 1944

Increases			
Fruits and vegetables	1.5	Other foods	1.0
Other farm products	1.1	Furniture	0.1
Decreases			
Grains	0.6	Livestock and poultry	0.4
Cereal products	0.1		

Electric Output for Week Ended Nov. 18, 1944 Declined 1.4% Below the Same Week in 1943

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Nov. 18, 1944 was approximately 4,450,047,000 kwh., compared with 4,513,299,000 kwh. in the corresponding week a year ago, a falling off of 1.4%. The output for the week ended Nov. 11, 1944, was 1.9% below that in the similar period in 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Nov. 18	Nov. 11	Nov. 4	Oct. 28
New England	0.9	1.7	*0.0	*1.1
Middle Atlantic	*5.2	*5.0	*4.0	*6.8
Central Industrial	1.4	*0.7	0.5	*0.6
West Central	7.0	3.6	2.6	2.9
Southern States	2.8	2.8	2.4	1.8
Rocky Mountain	*12.6	*12.2	*10.6	*10.9
Pacific Coast	*4.3	*3.2	*0.3	*0.0
Total United States	*1.4	*1.9	*1.3	*2.1

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Aug. 5	4,399,433	4,240,638	+ 3.7	3,637,070	1,415,122	1,729,667
Aug. 12	4,415,368	4,287,827	+ 3.0	3,654,795	1,431,910	1,733,110
Aug. 19	4,451,076	4,264,824	+ 4.4	3,673,717	1,436,440	1,750,056
Aug. 26	4,418,298	4,322,195	+ 2.2	3,639,961	1,464,700	1,761,594
Sept. 2	4,414,735	4,350,511	+ 1.5	3,672,921	1,423,977	1,674,588
Sept. 9	4,227,900	4,229,262	— 0.0	3,583,408	1,476,442	1,806,259
Sept. 16	4,394,839	4,358,512	+ 0.8	3,756,922	1,490,863	1,792,131
Sept. 23	4,377,339	4,359,610	+ 0.4	3,720,254	1,499,459	1,777,854
Sept. 30	4,365,907	4,359,003	+ 0.2	3,682,794	1,505,219	1,819,276
Oct. 7	4,375,079	4,341,754	+ 0.8	3,702,299	1,507,503	1,806,403
Oct. 14	4,354,575	4,382,260	— 0.6	3,717,360	1,528,145	1,798,633
Oct. 21	4,345,352	4,415,405	— 1.6	3,752,571	1,533,028	1,824,160
Oct. 28	4,358,293	4,452,592	— 2.1	3,774,891	1,525,410	1,815,749
Nov. 4	4,354,939	4,413,863	— 1.3	3,761,961	1,520,730	1,798,164
Nov. 11	4,396,595	4,482,665	— 1.9	3,775,878	1,531,584	1,793,584
Nov. 18	4,450,047	4,513,299	— 1.4	3,795,361	1,475,268	1,818,169
Nov. 25		4,403,342		3,766,381	1,510,337	1,718,002
Dec. 2		4,560,158		3,883,534	1,518,922	1,806,225

President Induces Byrnes to Continue As Head Of War Mobilization Until Defeat of Germany

Senate Confirms Nomination

Announcement was made by President Roosevelt on Nov. 14 that James F. Byrnes will continue as Director of War Mobilization and Reconversion until Germany is defeated. Mr. Byrnes has been serving under a temporary appointment, having told the President he did not want the job on a permanent basis. However, said Associated Press advices from Washington on Nov. 14, Presidential Secretary Early called reporters to his office shortly after noon on the 14th and read them this statement from the President:

"In view of the importance of continuing the winning of the war at top speed, and at the personal request of the President, Mr. Justice Byrnes has consented to continue as the Director of the Office of War Mobilization until the elimination of Germany from the war.

"The President is very much gratified by the willingness of Justice Byrnes to do this, and the work of the office will, therefore, continue as at present."

On Nov. 16 the Senate confirmed the nomination of Mr. Byrnes as Director for a term of two years. According to the Washington "Post" of Nov. 7 Mr. Byrnes' former Senate colleagues, Republicans and Democrats alike, paid tributes to him on the 16th as they unanimously approved his nomination as Director of War Mobilization and Reconversion.

Noting that the had planned to retire to private life (he is 65 years of age) the "Post" noted "Mr. Byrnes, former South Carolina Senator who stepped down from the Supreme Court to take the job of War Mobilization Director, had planned to retire to private life this week."

From Associated Press advices Nov. 14 we quote:

"Mr. Byrnes left the Supreme Court to enter the Administration's war program and became head of the Office of War Mobilization—a post which frequently won him the unofficial title of 'Assistant President.'

"When the Reconversion Bill became law, he accepted a temporary appointment from the President with the understanding that a successor would be named when Congress reconvened. When Congress recently passed its Reconversion bill as the first cog in a post-war program, however, he estimated that the man who accepted the Directorship under that bill would have to devote at least two years to the job. In several public statements he said he did not want it.

"His agreement to continue at the head of the office—announced the day Congress came back to Washington—eliminated for the time one of the major appointments awaiting Presidential action. There had been speculation that Fred M. Vinson, Director of Economic Stabilization, might have been placed in the Office of War Mobilization as Mr. Byrnes's successor."

Removes Travel Curbs In Nine Countries

Nine countries previously blocked off by the war, were declared open to civilian travel without the requirement of military approval by the State Department on Nov. 11, which in making the announcement, warned that travel facilities to these countries are extremely limited. The area freed includes most of France, said Associated Press accounts from Washington. They added:

"It was indicated that only those trips by Americans bearing on the war effort or in some way serving the national interest would have any prospect of clearance through the Department.

"Areas for which military permits are no longer required include Morocco, Algeria, Tunisia, Libya, Syria, Lebanon, Turkey, Cyprus and that area of France known as the 'zone of the interior,' which is all of the country, except the portions involved in active combat."

Moody's Daily Commodity Index

Tuesday, Nov. 14, 1944	247.8
Wednesday, Nov. 15	248.6
Thursday, Nov. 16	248.3
Friday, Nov. 17	248.5
Saturday, Nov. 18	248.7
Monday, Nov. 20	248.1
Tuesday, Nov. 21	248.5
Two weeks ago, Nov. 6	247.6
Month ago, Oct. 21	248.6
Year ago, Nov. 20, 1943	244.5
1943 High, April 1	249.8
Low, Jan 2	240.2
1944 High, Oct. 3	252.5
Low, Jan. 5	247.0

Daily Average Crude Oil Production for Week Ended Nov. 11, 1944 Increased 7,500 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Nov. 11, 1944, was 4,727,400 barrels, an increase of 7,500 barrels over the preceding week and 290,950 barrels per day more than produced in the corresponding week of last year. The current figure is also 6,900 barrels in excess of the daily average figure recommended by the Petroleum Administration for War for the month of November, 1944. Daily output for the four weeks ended Nov. 11, 1944, averaged 4,733,300 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,650,000 barrels of crude oil daily and produced 14,464,000 barrels of gasoline; 1,512,000 barrels of kerosine; 4,492,000 barrels of distillate fuel, and 9,431,000 barrels of residual fuel oil during the week ended Nov. 11, 1944; and had in storage at the end of that week 78,091,000 barrels of gasoline; 14,070,000 barrels of kerosine; 48,259,000 barrels of distillate fuel, and 63,999,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations November	*State Allowables begin. Nov. 1	Actual Production Week Ended Nov. 11, 1944	Actual Production Change from Previous Week	4 Weeks Ended Nov. 11, 1944	Week Ended Nov. 13, 1943
Oklahoma	345,000	346,000	†359,400	+ 600	352,550	327,700
Kansas	274,000	269,400	†266,000	+ 5,750	277,200	288,900
Nebraska	1,000	----	†1,000	+ 50	950	1,700
Panhandle Texas			94,150	— 2,000	96,950	85,500
North Texas			151,200	+ 1,000	149,750	141,900
West Texas			473,950	— 8,100	485,400	359,750
East Central Texas			144,600	— 2,100	147,600	137,950
East Texas			367,900	— 1,500	370,000	376,400
Southwest Texas			347,100	+ 5,500	339,400	298,100
Coastal Texas			553,400	+ 6,700	543,850	524,600
Total Texas	2,133,000	‡2,138,385	2,132,300	— 500	2,132,950	1,924,200
North Louisiana			71,850	— 1,450	72,850	78,650
Coastal Louisiana			291,300	+ 650	290,350	272,200
Total Louisiana	350,000	395,500	363,150	— 800	363,200	350,850
Arkansas	78,000	79,975	80,750	+ 250	80,700	78,550
Mississippi	50,000		51,500	+ 2,200	50,650	52,500
Alabama	----		300	+ 100	150	----
Florida	----		50	----	50	----
Illinois	200,000		205,000	+ 1,000	200,000	215,500
Indiana	13,000		13,150	— 150	13,050	13,150
Eastern— (Not incl. Ill., Ind., Ky.)	72,000		65,950	— 2,100	67,400	71,000
Kentucky	26,000		30,350	— 500	29,700	22,350
Michigan	50,500		50,000	+ 3,450	47,250	60,600
Wyoming	100,000		92,150	— 6,300	97,700	100,950
Montana	24,000		21,350	+ 300	21,550	21,350
Colorado	9,000		9,800	+ 550	9,500	7,300
New Mexico	110,000	110,000	104,900	----	104,900	112,550
Total East of Calif.	3,835,500		3,847,100	+ 2,700	3,849,450	3,649,150
California	885,000	§885,000	880,300	+ 4,800	883,850	787,300
Total United States	4,720,500		4,727,400	+ 7,500	4,733,300	4,436,450

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Nov. 9, 1944.

‡This is the net basic allowable as of Nov. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED NOV. 11, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
East Coast	729	100.0	713	97.8	1,750	12,537	15,024	10,946
Appalachian—								
District No. 1	130	83.9	87	66.9	263	2,297	517	330
District No. 2	47	87.2	46	97.9	144	1,426	196	155
Ind., Ill., Ky.	824	85.2	794	96.4	2,881	16,026	7,113	3,962
Okla., Kans., Mo.	418	80.2	335	80.1	1,256	6,929	2,426	1,691
Inland Texas	278	66.9	225	80.9	924	2,570	423	609
Texas Gulf Coast	1,165	90.5	1,149	98.6	3,659	14,186	7,696	8,658
Louisiana Gulf Coast	242	95.5	258	106.6	763	4,061	2,259	1,227
No. La. & Arkansas	104	68.0	81	77.9	227	2,595	650	314
Rocky Mountain—								
District No. 3	13	17.0	11	84.6	35	64	19	31
District No. 4	141	58.3	101	71.6	354	1,537	389	626
California	817	89.9	850	104.0	2,208	13,863	11,547	35,450
Total U. S. B. of M. basis Nov. 11, 1944	4,908	87.2	4,650	94.7	14,464	*78,091	48,259	63,999
Total U. S. B. of M. basis Nov. 4, 1944	4,908	87.2	4,570	93.1	14,152	78,409	48,477	63,444
U. S. Bur. of Mines basis Nov. 13, 1943			4,154		12,243	68,344	45,296	62,409

*Composed of 12,877,000 barrels of unfinished, 39,321,000 barrels civilian grade automotive, and 25,893,000 barrels aviation, military, solvents and naphthas, and gasoline blending stocks currently indeterminate as to ultimate use. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,512,000 barrels of kerosine, 4,492,000 barrels of gas oil and distillate fuel oil and 9,431,000 barrels of residual fuel oil produced during the week ended Nov. 11, 1944, which compares with 1,365,000 barrels, 4,569,000 barrels and 8,570,000 barrels, respectively, in the preceding week and 1,359,000 barrels, 4,617,000 barrels and 8,279,000 barrels, respectively, in the week ended Nov. 13, 1943.

Note—Stocks of kerosine at Nov. 11, 1944 amounted to 14,070,000 barrels, as against 14,489,000 barrels a week earlier 11,088,000 barrels a year before.

Civil Engineering Construction $29,400,000 for Week

Civil engineering construction volume in continental United States for the week totals $29,400,000. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, exceeds the $8,805,000 reported for the holiday-shortened preceding week, and is 27% above the previous four-week moving average, but is 57% below the total reported to "Engineering News-Record" for the corresponding 1943 week. The report, made public on Nov. 16, went on to say:

Private construction is 76% lower than in the same week last year. Public construction is down 32% due to the 49% decrease in Federal work, as State and municipal construction is 266% higher.

The current week's construction brings 1944 volume to $1,577,354,000 for the 46 weeks, a decrease of 45% from the $2,848,861,000 reported in the 1943 period. Private construction, $330,930,000, is 26% below a year ago, and public construction, $1,246,424,000, is 48% lower as a result of the 54% drop in Federal volume. State and municipal construction tops the 1943 period by 22%.

Civil engineering construction volumes for the 1943 week, the holday-shortened preceding week, and the current week are:

	Nov. 18, '43 (five days)	Nov. 9, '44 (four days)	Nov. 16, '44 (five days)
Total U. S. construction	$68,931,000	$8,805,000	$29,400,000
Private construction	39,906,000	1,817,000	9,650,000
Public construction	29,025,000	6,988,000	19,750,000
State and municipal	1,599,000	1,438,000	5,861,000
Federal	27,426,000	5,550,000	13,889,000

In the classified construction groups, all classes of work report increases over the short preceding week. Gains over the 1943 week are in waterworks, bridges, industrial buildings, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $1,549,000; sewerage, $741,000; bridges, $297,000; industrial buildings, $3,289,000; commercial building and large-scale private housing, $5,131,000; public buildings, $6,715,000; earthwork and drainage, $405,000; streets and roads, $3,478,000, and unclassified construction, $7,795,000.

New capital for construction purposes for the week total $5,383,000, and is made up of $5,000,000 in corporate security issues, and $383,000 in State and municipal bond sales. The week's new financing brings 1944 volume to $1,681,178,000 or 45% below the $3,058,099,000 reported for the corresponding period last year.

Non-Ferrous Metals — Copper Output Slightly Lower In October — Quicksilver Price Higher

"E. & M. J. Metal and Mineral Markets," in its issue of Nov. 16 stated: "Production of copper from domestic sources declined during October, but not sufficiently to cause any anxiety over the outlook. Continued large importations from Latin American countries and increased supplies available from Canada are certain to result in a further gain in government-owned stocks, according to trade authorities. Small high-cost Chilean producers, whose contracts are scheduled to expire early in 1945, have asked the United States to continue the purchasing agreements until February, 1946. Buying of lead last week was active, reflecting general confidence in the position of the metal. Quicksilver experienced another exciting week, chiefly because of an unexpected gain in consumption. The price advanced $4 per flask." The publication further went on to say in part:

Copper

The October statistics of the Copper Institute [see "Commercial and Financial Chronicle" of Nov. 16, page 2172] were in line with expectations. Production of refined copper in October was at the rate of 2,873 tons daily, against 2,966 tons daily in September.

The position of refined copper for the fourth quarter 1944, the year 1944, and the first and second quarters of 1945, according to the Copper Division, WPB, in tons:

	Estimated Deliveries	Estimated Supply
Fourth quarter 1944	404,200	428,000
Year, 1944	1,680,400	1,779,500
First quarter 1945	415,300	459,000
Second quarter 1945	415,300	459,000

Supply of refined copper exceeds deliveries by 99,100 tons, based on the estimated totals for the year. Requests for copper during the year were well above the tonnages released by the Copper Division.

Lead

Demand for lead was active, and sales by the domestic division for the last week amounted to 10,667 tons, against 10,638 tons in the previous week. Call for lead was chiefly for December shipment. Total demands for next month are expected to approach the average of recent months, and this points to another reduction in the stockpile. The stockpile of lead at the end of the current month may not exceed 115,000 tons.

Zinc

Producers sold a fair tonnage of November shipment metal during the last week, indicating that some consumers believe that they can obtain all of the zinc needed on comparatively short notice. Production and consumption at present are about in balance, and the stockpile is large. About the only obstacle to obtaining zinc promptly would be transportation delays, the trade believes. Consumption of zinc in civilian products remains on the low side.

Aluminum-Magnesium

Production of primary aluminum in August amounted to 123,300,000 pounds, a drop of 8.7% from the total produced in July. Peak in production was 188,100,000 pounds in October, 1943. The decline in output was scheduled by the War Production Board.

Secondary recovery of aluminum in August was 55,900,000 pounds, against 53,500,000 pounds in July and 55,900,000 in June.

Fabricated aluminum product shipments for August amounted to 223,400,000 pounds, an increase of 11.9% compared with the record for July. Increased deliveries of ingot, powder, and paste to CMP consumers were largely responsible for the large gain in August, according to the Aluminum and Magnesium Division, WPB.

Aluminum product shipments for July and August, in pounds:

	July	August
*Rod, bar, wire and cable	9,900,000	10,600,000
*Sheet, strip, plate, foil	70,200,000	67,100,000
*Shapes, rolled and extruded	10,100,000	12,800,000
Castings	38,700,000	43,200,000
Forgings	22,800,000	25,200,000
Tubing	3,200,000	3,400,000
Rivets	2,000,000	2,000,000
*Ingot, powder and paste	42,700,000	59,100,000
	199,600,000	223,400,000

*Excludes shipments to other producers operating under the Controlled Materials Plan.

Production of primary magnesium for August was 24,994,000 pounds, which compares with peak monthly output of 41,100,000 pounds in January this year.

Tin

The Belgian Congo has been producing tin at a fairly high rate. The head of the Belgian Cabinet, M. Petillon, stated recently that output currently is at the rate of 21,000 long tons a year, which compares with the pre-war rate of 9,000 tons a year. To increase production in that area, it is understood that needed equipment and material were supplied by the United Nations, chiefly the United States.

Exports of tin from the United Kingdom in 1943 amounted to 12,251 long tons, against 10,164 tons in 1942. The Metal Bulletin, London, observes that "no doubt the bulk of these shipments were to Russia, whose tin requirements were made the special concern of this country under the allocation program of the Combined Raw Materials Board."

The market situation in tin here was unchanged. Straits quality metal held at 52c., with forward tin of this grade nominally as follows:

	Nov.	Dec.	Jan.
November 9	52.000	52.000	52.000
November 10	52.000	52.000	52.000
November 11		Holiday	
November 13	52.000	52.000	52.000
November 14	52.000	52.000	52.000
November 15	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

With consumption of quicksilver well above the current rate of domestic production, offerings of the metal last week were decidedly limited and prices again moved upward. Early in the week under review the price advanced to $115 per flask, and by Monday it became doubtful whether $117 could have been shaded on quantity business.

On small parcels, quotations as the week ended showed a range of $5 per flask, from $120 to $125. The fact that consumption has increased sharply since the beginning of August has brought about a marked change in sentiment among both buyers and sellers.

Silver

The London market for silver was quiet and unchanged at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic newly-mined metal at 70⅝c.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on Nov. 20 that the tenders of $1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated Nov. 24 and to mature Feb. 23, 1945, which were offered on Nov. 17, were opened at the Federal Reserve Banks on Nov. 20.

The details of this issue are as follows:

Total applied for, $2,078,585,000.

Total accepted, $1,313,587,000 (includes $51,435,000 entered on a fixed price basis at 99.905 and accepted in full.)

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(59% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Nov. 24 in the amount of $1,209,947,000.

Revenue Freight Car Loadings During Week Ended Nov. 11, 1944 Fell Off 53,844 Cars

Loading of revenue freight for the week ended Nov. 11, 1944, totaled 839,489 cars, the Association of American Railroads announced on Nov. 16. This was a decrease below the corresponding week of 1943 of 8,483 cars, or 1%, but an increase above the same week in 1942 of 12,794 cars or 1.5%.

Loading of revenue freight for the week of Nov. 11, decreased 53,844 cars, or 6% below the preceding week.

Miscellaneous freight loading totaled 394,281 cars, a decrease of 17,545 cars below the preceding week, but an increase of 540 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 108,052 cars, a decrease of 866 cars below the preceding week, but an increase of 761 cars above the corresponding week in 1943.

Coal loading amounted to 155,842 cars, a decrease of 15,121 cars below the preceding week, and a decrease of 11,551 cars below the corresponding week in 1943.

Grain and grain products loading totaled 51,511 cars, a decrease of 3,133 cars below the preceding week and a decrease of 477 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Nov. 11, totaled 33,329 cars, a decrease of 1,347 cars below the preceding week and a decrease of 448 cars below the corresponding week in 1943.

Livestock loading amounted to 22,447 cars, a decrease of 2,848 cars below the preceding week and a decrease of 3,728 cars below the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Nov. 11 totaled 17,562 cars a decrease of 2,513 cars below the preceding week, and a decrease of 3,275 cars below the corresponding week in 1943.

Forest products loading totaled 39,956 cars a decrease of 4,144 cars below the preceding week and a decrease of 2,959 cars below the corresponding week in 1943.

Ore loading amounted to 53,554 cars, a decrease of 9,696 cars below the preceding week but an increase of 9,292 cars above the corresponding week in 1943.

Coke loading amounted to 13,846 cars, a decrease of 491 cars below the preceding week, and a decrease of 361 cars below the corresponding week in 1943.

All districts reported decreases compared with the corresponding week in 1943, except the Allegheny and Northwestern but all districts reported increases compared with 1942 except the Pocohontas and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463,512	3,455,328	3,431,395
4 weeks of August	3,579,800	3,554,694	3,487,905
5 weeks of September	4,428,427	4,456,466	4,410,669
4 Weeks of October	3,598,979	3,607,851	3,604,323
Week of November 4	893,333	754,739	829,663
Week of November 11	839,489	847,972	826,695
Total	38,752,734	37,629,600	38,407,791

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Nov. 11, 1944. During the period 62 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED NOV. 11

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	403	310	419	1,362	1,370
Bangor & Aroostook	1,814	2,667	1,620	506	198
Boston & Maine	6,382	6,945	5,897	14,750	15,159
Chicago, Indianapolis & Louisville	1,241	1,350	1,433	1,833	2,090
Central Indiana	34	42	24	42	27
Central Vermont	1,031	1,016	821	2,473	2,622
Delaware & Hudson	5,018	6,177	6,148	12,215	10,401
Delaware, Lackawanna & Western	7,771	7,627	6,737	10,702	10,046
Detroit & Mackinac	369	251	480	132	111
Detroit, Toledo & Ironton	1,932	2,054	1,509	1,187	1,178
Detroit & Toledo Shore Line	339	324	331	2,392	1,981
Erie	13,286	13,161	11,496	16,512	17,440
Grand Trunk Western	3,828	3,925	4,246	8,054	6,770
Lehigh & Hudson River	167	207	208	2,402	2,131
Lehigh & New England	1,491	1,553	1,798	1,602	1,002
Lehigh Valley	7,808	8,248	8,283	13,646	11,755
Maine Central	2,022	2,208	2,139	3,871	4,155
Monongahela	5,745	5,939	6,099	290	304
Montour	2,281	1,713	2,158	20	30
New York Central Lines	47,797	50,884	45,308	51,377	48,431
N. Y., N. H. & Hartford	9,347	10,153	9,026	18,148	18,135
New York, Ontario & Western	1,101	1,199	929	2,919	2,628
New York, Chicago & St. Louis	6,715	6,854	6,494	14,538	13,948
N. Y., Susquehanna & Western	356	632	360	1,935	1,386
Pittsburgh & Lake Erie	7,253	7,534	6,938	6,999	6,426
Pere Marquette	5,500	5,370	5,486	6,969	6,730
Pittsburg & Shawmut	878	777	611	34	19
Pittsburg, Shawmut & North	306	372	357	233	268
Pittsburgh & West Virginia	1,094	1,435	1,003	2,793	2,537
Rutland	308	341	292	1,197	1,046
Wabash	6,082	6,181	5,562	12,015	11,587
Wheeling & Lake Erie	5,531	4,584	4,639	4,326	3,867
Total	155,230	162,033	148,851	217,474	205,778
Allegheny District—					
Akron, Canton & Youngstown	731	803	788	1,192	1,163
Baltimore & Ohio	44,313	45,364	37,742	27,445	23,593
Bessemer & Lake Erie	4,686	4,911	5,558	1,702	1,623
Buffalo Creek & Gauley	*327	365	309	*6	4
Cambria & Indiana	1,503	1,054	1,787	6	4
Central R. R. of New Jersey	6,178	7,320	7,235	19,444	18,954
Cornwall	580	625	725	40	40
Cumberland & Pennsylvania	172	232	228	8	12
Ligonier Valley	101	143	132	41	48
Long Island	1,430	1,480	1,100	4,218	2,976
Penn-Reading Seashore Lines	1,855	2,013	1,733	2,558	2,954
Pennsylvania System	82,161	80,726	76,636	65,668	59,621
Reading Co.	15,407	14,665	14,403	28,170	25,887
Union (Pittsburgh)	19,411	18,649	20,148	5,588	6,889
Western Maryland	3,924	4,194	3,879	12,523	10,748
Total	182,779	182,544	172,403	168,609	160,516
Pocahontas District—					
Chesapeake & Ohio	25,361	29,423	28,155	13,406	12,964
Norfolk & Western	18,541	21,608	22,133	7,013	6,765
Virginian	3,581	4,920	4,673	2,587	2,710
Total	47,483	55,951	54,961	23,006	22,439
Southern District—					
Alabama, Tennessee & Northern	442	288	362	346	352
Atl. & W. P.—W. R. R. of Ala	714	699	714	3,150	3,102
Atlanta, Birmingham & Coast	859	741	766	1,504	1,234
Atlantic Coast Line	12,334	12,727	13,008	11,280	11,108
Central of Georgia	3,775	3,823	3,639	4,868	4,559
Charleston & Western Carolina	425	386	411	1,771	1,501
Clinchfield	1,647	1,596	1,733	2,855	2,315
Columbus & Greenville	345	316	513	314	241
Durham & Southern	149	129	135	877	664
Florida East Coast	2,239	2,208	1,075	1,440	1,335
Gainesville Midland	55	48	34	132	116
Georgia	1,271	1,177	1,258	2,552	3,413
Georgia & Florida	513	400	350	697	556
Gulf, Mobile & Ohio	5,060	4,255	4,077	4,509	4,281
Illinois Central System	28,003	28,577	27,759	17,241	16,605
Louisville & Nashville	23,230	25,135	24,592	12,325	12,746
Macon, Dublin & Savannah	198	180	196	827	746
Mississippi Central	416	256	188	472	436
Nashville, Chattanooga & St. L.	3,441	3,387	3,895	4,812	5,112
Norfolk Southern	1,053	1,068	1,447	2,231	1,784
Piedmont Northern	521	374	330	1,314	1,017
Richmond, Fred. & Potomac	408	510	392	10,518	11,234
Seaboard Air Line	9,940	10,998	10,667	9,349	8,453
Southern System	23,973	22,643	22,667	25,940	22,103
Tennessee Central	617	544	595	836	1,239
Winston-Salem Southbound	154	164	111	1,071	882
Total	121,842	122,634	120,914	123,231	117,134
Northwestern District—					
Chicago & North Western	17,958	17,519	18,774	13,539	13,090
Chicago Great Western	2,831	3,006	2,326	3,442	3,436
Chicago, Milw., St. P. & Pac.	21,448	21,253	19,640	10,341	9,297
Chicago, St. Paul, Minn. & Omaha	3,181	3,497	2,894	3,948	3,509
Duluth, Missabe & Iron Range	20,707	11,558	22,631	236	180
Duluth, South Shore & Atlantic	645	724	770	679	529
Elgin, Joliet & Eastern	9,319	8,453	10,082	11,294	9,508
Ft. Dodge, Des Moines & South	404	382	413	94	77
Great Northern	18,593	17,392	19,661	8,106	5,101
Green Bay & Western	477	524	462	974	853
Lake Superior & Ishpeming	1,090	921	2,008	68	71
Minneapolis & St. Louis	2,064	2,067	1,878	2,590	2,212
Minn., St. Paul & S. S. M.	6,686	6,007	6,386	2,933	2,616
Northern Pacific	11,572	12,317	11,799	6,294	5,597
Spokane International	217	107	185	566	397
Spokane, Portland & Seattle	2,503	2,480	1,967	3,708	3,233
Total	119,695	108,207	121,876	68,812	59,708
Central Western District—					
Atch., Top. & Santa Fe System	25,555	24,134	22,953	15,469	13,210
Alton	3,837	3,337	3,069	4,116	4,702
Bingham & Garfield	372	484	527	75	87
Chicago, Burlington & Quincy	21,245	20,973	19,778	14,531	12,729
Chicago & Illinois Midland	2,605	3,213	2,384	869	816
Chicago, Rock Island & Pacific	13,153	12,681	12,081	13,459	11,743
Chicago & Eastern Illinois	2,793	2,879	2,365	5,767	6,842
Colorado & Southern	1,256	1,514	2,393	2,612	2,456
Denver & Rio Grande Western	5,103	5,477	4,913	7,269	6,419
Denver & Salt Lake	635	575	806	18	17
Fort Worth & Denver City	1,000	1,066	1,496	2,423	1,661
Illinois Terminal	2,256	1,773	1,698	2,042	1,805
Missouri-Illinois	1,167	1,153	1,268	543	519
Nevada Northern	1,083	2,166	2,155	92	133
North Western Pacific	669	940	1,037	913	680
Peoria & Pekin Union	5	11	9	0	0
Southern Pacific (Pacific)	28,547	30,825	31,177	14,660	15,643
Toledo, Peoria & Western	493	398	300	1,940	1,874
Union Pacific System	21,652	21,626	20,370	18,376	18,599
Utah	475	598	579	2	10
Western Pacific	1,872	2,579	2,289	4,919	4,414
Total	135,778	138,402	133,647	110,095	104,359
Southwestern District—					
Burlington-Rock Island	624	344	141	644	186
Gulf Coast Lines	6,220	7,910	5,133	2,290	2,536
International-Great Northern	2,619	2,258	3,258	3,725	3,965
Kansas, Oklahoma & Gulf	295	233	413	1,006	1,188
Kansas City Southern	4,602	5,188	4,837	3,071	2,629
Louisiana & Arkansas	3,791	3,566	3,511	2,445	2,913
Litchfield & Madison	272	282	244	1,359	1,272
Midland Valley	657	481	669	468	291
Missouri & Arkansas	205	211	178	511	427
Missouri-Kansas-Texas Lines	6,660	5,973	6,554	5,527	5,462
Missouri Pacific	17,765	18,162	17,425	19,214	20,984
Quanah Acme & Pacific	77	76	110	470	195
St. Louis-San Francisco	10,177	9,117	8,691	9,016	8,739
St. Louis Southwestern	3,886	3,214	3,011	7,169	7,163
Texas & New Orleans	12,636	14,741	13,999	5,851	5,280
Texas & Pacific	6,072	6,339	5,741	7,618	7,947
Wichita Falls & Southern	73	85	117	51	60
Weatherford M. W. & N. W.	51	21	11	40	26
Total	76,682	78,201	74,043	70,475	71,263

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
August 5	195,161	160,568	604,299	96	94
August 12	140,338	158,849	585,316	96	94
August 19	136,936	155,516	562,744	95	94
August 26	128,596	156,921	534,174	96	94
September 2	173,065	155,820	549,114	97	94
September 9	131,988	123,758	554,352	80	94
September 16	129,481	158,178	525,730	97	94
September 23	125,258	161,114	486,818	96	94
September 30	160,952	159,114	482,896	95	94
October 7	217,096	158,946	541,424	96	94
October 14	139,347	154,719	523,875	96	94
October 21	133,028	156,269	499,929	94	94
October 28	146,003	157,806	486,882	95	94
November 4	207,817	157,644	535,745	96	94
November 11	141,154	158,266	515,738	96	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Widen Rules For Federal Sav. & Loan Assns. Under G. I. Bill

An addition to the regulations for Federal Savings and Loan Associations clears the way for such Federally-chartered home financing institutions to make all types of home mortgage loans covered by the loan guarantee provisions of the G. I. Bill of Rights, James Twohy, Governor of the Federal Home Loan Bank System, announced on Nov. 11. The announcement stated:

"Together with all other types of thrift institutions which are members of the Bank System, Federal associations are preparing to offer their institutions' facilities to aid veterans acquire homes through the provisions of this Act, Mr. Twohy said.

"After an association has obtained the approval of its investors, it may secure immediate permission to make G. I. loans merely by filing applications with the Federal Home Loan Bank Administration, the supervisory body. The widened powers then granted will enable Federal Savings and Loan Associations to make loans for a higher percentage of value, because of the guarantee by the Administrator of Veterans Affairs under authority of Title III of the Servicemen's Readjustment Act of 1944. There are 1,465 Federal savings and loan associations in operation with assets of nearly $3,000,000,000, Mr. Twohy said.

"Mr. Twohy also reported that state officials who supervise the state-chartered members of the Bank System have moved ahead rapidly to place these institutions in a position to fully support this program designed to assist ex-servicemen to home ownership. The 2,247 member home financing institutions of the Bank System in this group represent resources of approximately $4,000,000,000."

Parcel-Post To Eritrea, Etc.

It was made known on Nov. 13 by Postmaster Albert Goldman that information has been received from the Post Office Department, at Washington, that parcel post service is resumed to Eritrea, Ethopia, British Somaliland and French Somaliland. The advices state:

"Parcels for Eritrea will be limited to 11 pounds in weight and those for Ethiopia, British Somaliland and French Somaliland to 22 pounds. Parcels may not be registered or insured. Otherwise, the conditions in effect prior to the suspension of service are restored. The parcels must comply with the licensing requirements of the Foreign Economic Administration."

Lumber Movement—Week Ended November 11, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 500 mills reporting to the National Lumber Trade Barometer were 4.0% above production for the week of Nov. 11, 1944. In the same week new orders of these mills were 15.0% less than production. Unfilled order files of the reporting mills amounted to 89% of stocks. For reporting softwood mills, unfilled orders are equivalent to 35 days' production at the current rate, and gross stocks were equivalent to 37 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 2.7%; orders by 4.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 22.5% greater; shipments were 42.1% greater, and orders were 16.1% greater.

Items About Banks, Trust Companies

The Guaranty Quarter Century Club, composed of employees, officers and directors of the Guaranty Trust Company of New York who have served the company for 25 years or more, held its annual dinner on Nov. 15 at the Starlight Roof of the Waldorf-Astoria with 400 members attending. The club has inducted 139 new members in the last year, bringing total membership to 558, including a chapter in London where the company has had offices for 48 years. An address was made by Joseph A. Bucher, Assistant Secretary of the company and a member of the club, and Vice-President Henry C. Stevens accepted a membership certificate on behalf of all the newly inducted members. Among other senior officials of the bank who attended the dinner as members of the club were William C. Potter, Chairman of the Executive Committee; W. Palen Conway, Vice-Chairman of the Executive Committee; Eugene W. Stetson, Chairman of the Board; and Charles E. Dunlap and Cornelius F. Kelley, Directors.

Vincent G. Potter was elected President of the club for the forthcoming year, succeeding Leo Szymanski. Membership in the club is honorary. In addition to membership certificates and service emblems, members other than officers receive annually an extra week's vacation upon attainment of 25 years of service.

For the first time in its 40-year history, City Bank Club, composed of the staffs of The National City Bank of New York and City Bank Farmers Trust Company, has elected a woman as its President. She is Margaret Hudson. Her election was announced at the annual banquet of the club at the Hotel St. George, which marked the formation of the club back in 1904 by inviting all its past Presidents to sit at the speaker's dais. Mrs. Hudson is a member of the City Bank Farmers staff. More than 2,000 employees and officers attended the banquet. Mrs. Hudson is also former Chairman of the Women's Committee of the American Institute of Banking.

James A. Greig, Assistant Cashier of the Metropolitan Branch of the Chase National Bank, New York, died on Nov. 13. Mr. Greig, who was 59 years of age, began his banking career in 1902 with the National Shoe and Leather Bank and after its merger with the Metropolitan Bank, continued with the latter, which eventually became a branch of the Chase National. He had served as Assistant Cashier since 1930.

S. Sloan Colt, President of Bankers Trust Company of New York, announces that at a meeting of the board of directors of the company held on Nov. 21, it was voted to call a special meeting of the stockholders on Dec. 11, to authorize an increase in the capital stock from the present amount of $25,000,000 par value to $30,000,000 par value, this new stock to be distributed to stockholders as a stock dividend. The announcement says:

"This stock dividend was declared payable Dec. 29, 1944 to stockholders of record at 3 p. m. on Dec. 12, 1944, in the ratio of one new share for each five shares held on that record date. This declaration was made subject to the stock increase being authorized by the stockholders, and formal approval by the State Banking Department. The board also authorized the transfer of $5,000,000 from undivided profits to surplus, as of Dec. 29, 1944.

"This action, if approved, would result in increasing capital funds to a total of $135,175,880 divided as follows: Capital, $30,000,000; surplus, $80,000,000; undivided profits, $25,175,880. (Based on figures as of Sept. 30, 1944.)

"The regular quarterly dividend of 35 cents per share was declared on the $25,000,000 par value of capital stock now outstanding, payable Jan. 2, 1945 to stockholders of record at 3 p. m. on Dec. 12, 1944.

"The board of directors at the same meeting appointed a committee of the board to formulate a profit-sharing plan which is intended to include all employees and which will conform to existing Government regulations."

At a meeting of the board of directors, of Bankers Trust Company of New York, held on Nov. 21, W. Laud-Brown was elected a Vice-President and James H. Jenkins was elected an Assistant Vice-President. Mr. Brown has been associated with the bank's bond department since 1921. Mr. Jenkins was graduated from Dartmouth in 1926. After leaving college he was associated with various security houses and is at present with the Central Hanover Bank & Trust Co. He joins Bankers Trust Company on December 1 and will be connected with its Metropolitan Division.

Mr. Russell Sillery was elected Deputy Comptroller of The Bank for Savings at the November meeting of the board of trustees. Mr. Sillery was formerly Assistant Comptroller and has been in the employ of the bank since 1922.

Harvey L. Schwamm, President and Chairman of the board of directors of The National Bronx Bank of New York, announced on Nov. 21 the following appointments:

Jack Gutstein and David Owen as Assistant Vice-Presidents and Garret Sanderson as Manager of the New Business Department. Mr. Gutstein was formerly with the Public National Bank & Trust Company and will be located at the Freeman Street Office of the National Bronx Bank. Mr. Owen, a former bank examiner with the Comptroller of the Currency, will be in charge of the bank's Credit Department. Mr. Sanderson has been associated with the bank for four years.

Succeeding the late Jacob C. Klinck, James R. McLaren has been elected President of the Kings County Savings Bank of Brooklyn, N. Y. According to the Brooklyn "Daily Eagle" of Nov. 15, Mr. McLaren was formerly a Vice-President of the bank and has been a member of the board of trustees of the organization since 1928. A member of the bank's finance committee since 1936, he is at present the Chairman. Mr. McLaren has also served on the examining committee of the bank and has been secretary to the board.

Nicholas Timm has been elected a trustee of City Savings Bank of Brooklyn, Brooklyn, N. Y. He is senior partner in the realty firm of Timm & Behrens of Brooklyn, and is connected with the Brooklyn Real Estate Board and the N. Y. State Appraisers Association.

David W. Tuthill, President of the People's National Bank of Greenport, Long Island, died on Nov. 12. He was 74 years old.

The Niagara National Bank, Buffalo, N. Y., announced on Nov. 16 the declaration of a dividend of 15 cents a share on the capital stock and the installation of a pension plan for all workers. This is learned from the Buffalo "Evening News," which stated:

"The dividend is payable Dec. 1 to stock of record Nov. 20, and is the same as paid previously, when the dividend was raised from 10 cents.

"President Herbert J. Vogelsang said semi-annual dividend payments hereafter will be made in July and January, instead of in June and December.

"The pension plan, effective Dec. 1, applies to all workers with the bank for five years or longer. It provides for the payment at 65 of 30% of full salaries, with a maximum of $250 a month.

At a meeting of the stockholders of the Columbus National Bank of Providence, R. I., plans to increase the capital stock from $200,000 to $325,000 were approved, it was announced on Nov. 16. The 12,500 additional shares (par $10) will be sold at $12.50 a share. The Providence "Journal" in noting this move by the bank said:

"The bank reported that this new issue has already been oversubscribed.

"Stockholders also ratified action by the board of directors whereby the outstanding preferred stock, amounting to $59,060, will be retired by use of accumulated earnings in the reserve for retirement of preferred stock. A common stock dividend has been declared at the rate of 41.9%.

Thomas F. Black, Jr., was recently elected a director of the Providence National Bank, Providence, R. I. Mr. Black is a member of the law firm of Greenough, Lyman & Cross, President of the Rhode Island Civil Service Association, and a trustee of the Providence Institution for Savings.

Philip F. Coleman has been elected Vice-President of the First National Bank, Philadelphia, Pa., and will enter upon his new duties on Jan. 1. Mr. Coleman has been connected for the last 10 years with the Federal Reserve Bank of Philadelphia.

At the annual meeting on Nov. 13 of the Bankers and Bank Clerks Mutual Benefit Association of Pittsburgh, Pa., George K. Clatty, of the Keystone National Bank of Pittsburgh, was elected President of the Association. Other officers elected, according to the Pittsburgh "Post-Gazette," were Lee F. Mason, Union National Bank, Recording Secretary; Karl W. Gundlach, Allegheny Valley Bank, Corresponding Secretary; Willard Perry, Commonwealth Trust Company, Treasurer.

Directors of the Southern Ohio Savings Bank & Trust Co. of Cincinnati, Ohio, on Nov. 13, elected Glenn F. Barrett as President of the bank, succeeding the late Arthur Espy. Mr. Barrett was previously Vice-President. The Cincinnati "Enquirer," of Nov. 14, in reporting this, stated that the directors made additional appointments as follows:

"Malcolm McAvoy, who has been associated with the institution since 1918, has been elected to the new position of Chairman of the Board.

"George E. Robert has been elected Executive Vice-President, a new office. He had been Vice-President and has been with the bank since 1910.

"Two new positions of Assistant Vice-President were established. Fred Hoese, who had been Secretary-Treasurer, was advanced to one of these positions. Paul B. Momberg, who had been Assistant Trust Officer, was named Assistant Vice-President in charge of the Trust Department.

"Larry J. Austing was advanced from Assistant Secretary-Treasurer to succeed Hoese as Secretary-Treasurer. Austing has been with the bank since 1916.

"Dr. Louis B. Owens was elected a director to fill the vacancy on the board caused by Mr. Espy's death.

"The board also announced that Wallace S. Espy, who has been on leave of absence for two years, while serving as a Captain in the Army, has been granted an honorable discharge and will return to his former positions as Vice-President and Director.

"Officials continuing in their present position are Trust Officer, David Reece; Assistant Secretary, Spencer B. Robert; Assistant Trust Officer, Roland Stieringer; Directors, James A. Green, L. W. Scott Alter, R. A. Holden, Jr., William P. Matthews, Barrett, Roberts and McAvoy.

In furtherance of plans to increase the capital of the Harris Trust & Savings Bank of Chicago from $6,000,000 to $8,000,000 a stock dividend of 33⅓% has been proposed by the directors, and a special meeting of the stockholders will be held on Dec. 13 to authorize the transfer of $2,000,000 from undivided profits to the capital account of the bank to permit the payment. The Chicago "Journal of Commerce" of Nov. 14 in its advices stated:

"New stock would be distributed to stockholders at the ratio of one share for each three held under the plan, as outlined to holders in a letter yesterday.

"Officials said it was planned to pay the regular quarterly dividend of 3% Jan. 2 to holders of old stock of record Dec. 18 but that the new stock would not become eligible for cash dividends until April 1, 1945, although, if authorized, it would be issued and delivered some time in December.

"Giving effect to the changes in capitalization, the bank's invested capital as of Dec. 31 would include $8,000,000 capital stock, $12,000,000 surplus, and more than $1,250,000 undivided profits, for a total of $21,250,000. Officials of the bank said that in addition the institution had $9,000,000 of 'sound reserves' not included in these figures.

"A second proposal to be voted on by stockholders at the December meeting is a plan for retirement pensions and group life insurance to supplement the benefits of the employes' savings and profit-sharing trusts now in effect.

"Frank R. Elliott, President of the bank, explained that the proposed pension plan will provide for retirement of men at 65 and women at 60, the pensions to be three-quarters of 1% of the average basic salary in the last ten years of service, multiplied by the number of years of service, but with a maximum of 30% of such average basic salary.

"As the employes are already contributing 5% of their salaries to the present profit-sharing plans, it is proposed that the new retirement pension plan will be non-contributory by employes, Mr. Elliott concluded.

The Lawndale National Bank of Chicago, Ill., announced on Nov. 7, that it will retire its entire outstanding preferred stock, through the sale of 17,500 additional shares of common stock at $15 a share. The Chicago "Journal of Commerce," of Nov. 8, from which this is learned also said:

Present stockholders will be offered the opportunity to subscribe on a pro rata basis according to their respective holdings. Upon completion of this program, the bank's capital structure will be substantially as follows: Capital, common stock, $500,000; surplus, $400,000; undivided profit and reserves, $200,000. Total resources of the bank are now in excess of $25,000,000.

On Nov. 14 the directors of the National Bank of Detroit, Detroit, Mich., approved the transfer of $7,500,000 to the surplus account. According to the Detroit "Free Press" of Nov. 15, Walter S. McLucas, Chairman of the bank's board, in announcing this, said:

"This places us in a position to make additional funds available to business and industry not only for reconversion but for peacetime business as an essential part of maintaining high levels of production and employment."

Henry A. Moehlenpah, former President of the Wisconsin Bankers' Association, an active figure in State Democratic party politics and a widely known lecturer and writer on financial subjects, died on Nov. 9 at the age of 77 years. The Milwaukee "Journal" from which we quote, said:

"In recent years he had been associated with the Aetna Life Insurance Co. of Milwaukee, Wisc. He was Cashier and President of the Citizens bank of Clinton from 1893 to 1914, when he became President of the Wisconsin Mortgage & Securities Company of Milwaukee. He was President of the State Bankers' Association in 1913 and 1914, President of the Bankers' Joint Stock Land Bank in 1918 and was appointed to the Federal Reserve Board by President Woodrow Wilson in 1919.

"Mr. Moehlenpah's political career included the Democratic candidacy for Governor in 1918, for Congressman in 1906, Lieutenant Governor in 1908 and for Presidential elector in 1916.

Ernest R. Tennant, President of the Dallas National Bank, Dallas, Texas, died on Nov. 6; he was 59 years of age. The Dallas "Times Herald," of Nov. 6, in reporting Mr. Tennant's death, said:

"Mr. Tennant entered the Dallas National Bank as head of its bond department in 1909. Working in every department of the bank, he rose to President in 1928 and had attained a top position among Southwestern bankers. Under Mr. Tennant's leadership, the bank's deposits rose from $5,800,000 to $55,000,000."

Mr. Tennant was also Vice-President and Director of the Republic Insurance Co. of Dallas, and held similar office in the Dallas Title & Guaranty Co. He was President of Tennant Brothers, Ltd., manufacturing agents, and a director of Great National Life Insurance Co.

The election of Edward H. Bell as director of the Wells Fargo Bank & Union Trust Co. of San Francisco, Calif., was recently announced.

Locomotive Orders Rise In October—More Freight Cars

The Class I railroads on Nov. 1, 1944, had 30,408 new freight cars on order, according to the Association of American Railroads. This included 10,960 hopper, 2,625 gondolas, 229 flat, 12,750 plain box cars, 1,438 automobile box cars, 2,023 refrigerator, and 383 stock freight cars. On Nov. 1 last year, they had 34,092 cars on order.

The railroads also had 519 new locomotives on order on Nov. 1, this year, which included 102 steam, two electric and 415 Diesel locomotives. Total on order Nov. 1, 1943, was 1,039, which included 426 steam, three electric and 610 Diesel locomotives. Total on order Oct. 1, 1944 was 499 new locomotives.

The Class I railroads put 30,832 new freight cars in service in the first ten months this year, compared with 23,714 in the same period last year. Of the total installed so far this year, 4,676 were installed in October. Those installed in the first ten months included 13,211 hopper, 3,164 gondola, 1,286 flat, 2,270 automobile box, 10,443 plain box, 117 stock, 340 refrigerator freight cars and one other car.

They also put 783 new locomotives in service in the first ten months of 1944, of which 287 were steam, one electric and 495 Diesel. New locomotives installed in the first ten months of 1943 totaled 574, of which 344 were steam, 15 electric and 215 Diesel. New locomotives installed in October this year totaled 62, of which 20 were steam and 42 were Diesel.